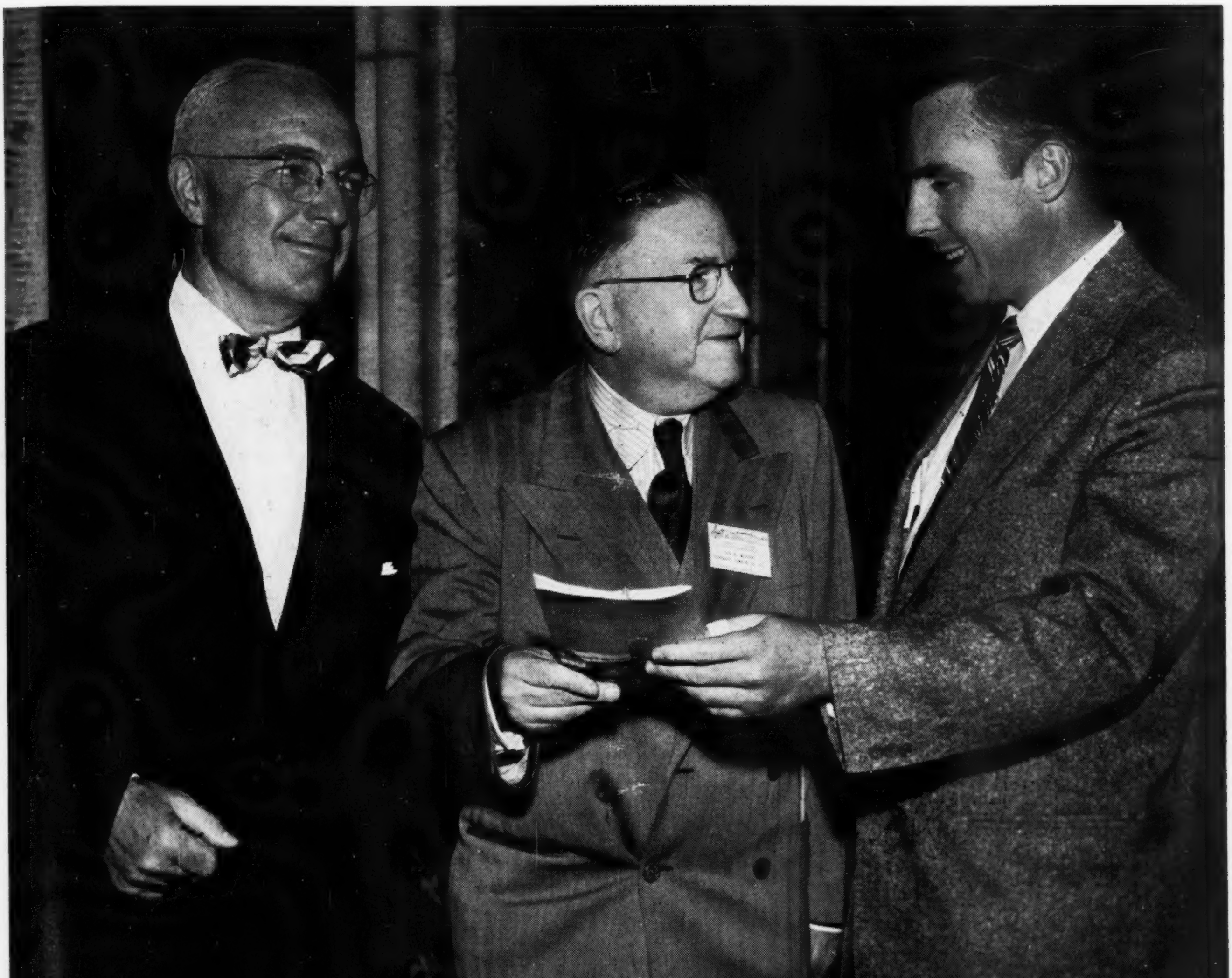
CREDIT and
FINANCIAL MANAGEMENT
DEVOTED TO • INDUSTRY ★ FINANCE ★ COMMERCE



LEGISLATIVELY SPEAKING *Story on Page 5*

Facts All-Important in Competitive Times; Accountancy Leaders in CFM Symposium

Consumer Credit, Sire of Mass Production, Elevates Average Family's Living Standard

What About Ten Years Hence? Planning Now Gets Ball Rolling, Helps Stabilize Business

Management at Its Best Needed Today As a Safeguard Against Business Failure

APRIL, 1954
Vol. 56 No. 4

TO FORECAST THE FUTURE

Consult the Past

THE RECORD OF THE

COMMERCIAL UNION - OCEAN GROUP

The history of insurance proves that what is sound and in the public interest survives, while that which is not, soon passes away. The benefits of having adhered to ethical management and conservative financial practices become strikingly evident in time of emergency.

Each conflagration, each economic disturbance that has passed into history has left the companies of the Commercial Union–Ocean Group, still protecting the property and well-being of their policyholders, still meeting every obligation fairly and promptly.

This is the record of our companies through the years, starting with the founding in 1714 of the Union Assurance Society Limited, and further exemplified by the American Central Insurance Company in completing its first century of operation in 1953. The youngest member of our Group is the prominent Columbia Casualty Company, organized in 1920.

It is not a record which just happened. Into its daily compiling have gone, and are still going, the faithful devotion of our Management and Employees to our policyholders' interests, also the expert service rendered by our Agents, and the Brokers, to the policyholders locally. This high standard of insurance protection, coupled with current financial strength shown in the figures below, testifies that each of our companies qualifies fully as a bearer of the slogan "Bulwark of Protection" which so well describes the Commercial Union–Ocean Group.

FIRE • CASUALTY • AUTOMOBILE
AVIATION . BONDS

United States Resources - December 31, 1953

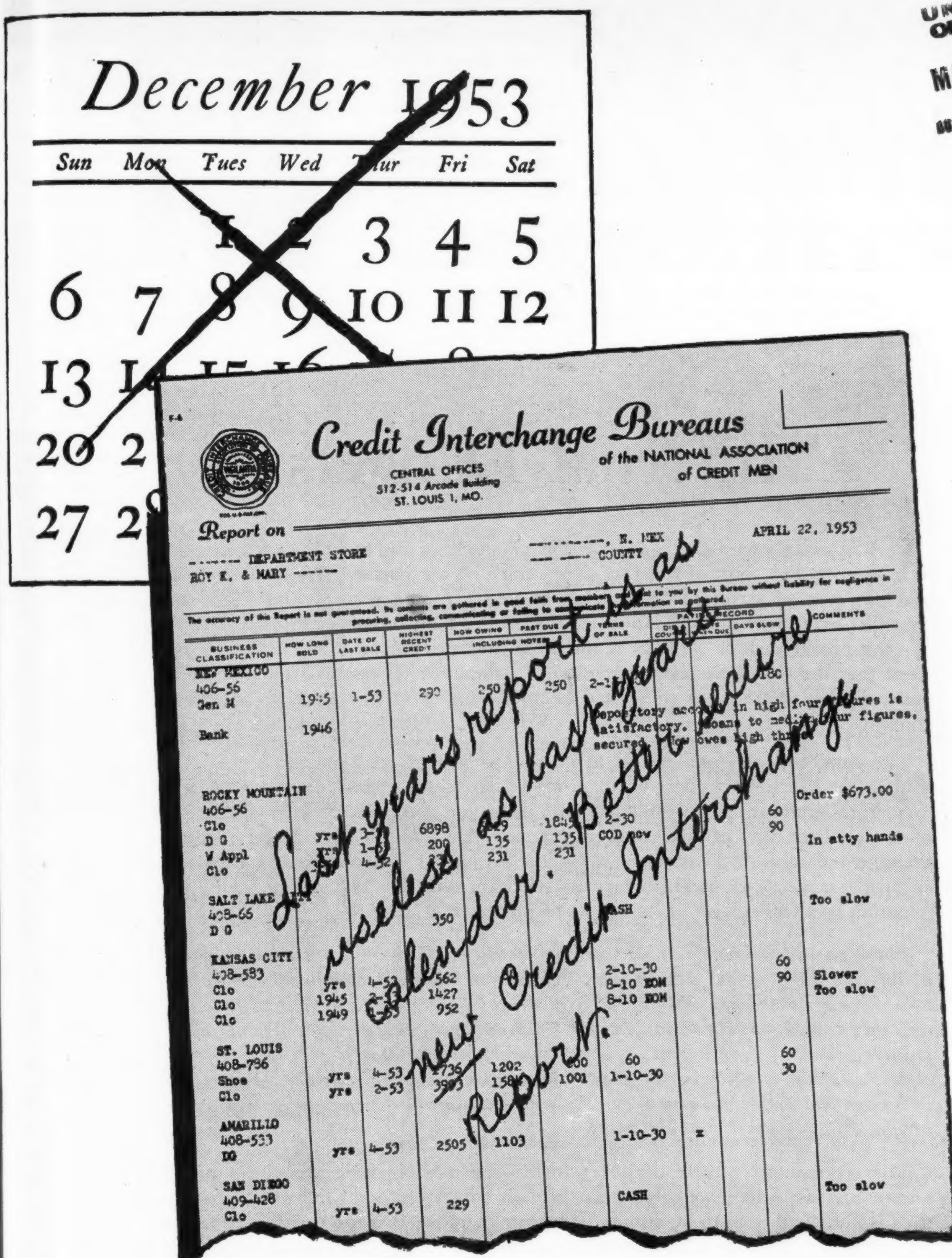
COMPANIES OF THE COMMERCIAL UNION - OCEAN GROUP	*ADMITTED ASSETS	LIABILITIES	CAPITAL OR STATUTORY DEPOSIT	SECURITIES DEPOSITED AS REQUIRED BY LAW	SURPLUS TO POLICYHOLDERS (Including Capital)	
					ANNUAL STATEMENT BASIS	MARKET VALUE BASIS
Commercial Union Assurance Co. Ltd. † ORGANIZED 1861	$30,820,370	$19,257,377	$500,000	$1,059,361	$11,562,993	$11,583,284
The Ocean Accident & Guarantee Corp. Ltd. † ORGANIZED 1871	34,364,818	25,425,351	1,000,000	1,166,704	8,939,467	8,912,257
American Central Insurance Company ORGANIZED 1853	14,995,352	8,697,621	1,000,000	681,197	6,297,731	6,285,057
The British General Insurance Co. Ltd. † ORGANIZED 1904	3,436,100	1,259,993	500,000	851,170	2,176,107	2,159,663
The California Insurance Company ORGANIZED 1864	9,435,134	5,529,891	1,000,000	582,850	3,905,243	3,885,846
Columbia Casualty Company ORGANIZED 1920	18,869,749	13,200,952	1,000,000	832,466	5,668,797	5,652,979
The Commercial Union Fire Ins. Co. of N.Y. ORGANIZED 1890	7,008,738	4,227,517	1,000,000	436,372	2,781,221	2,782,137
The Palatine Insurance Company Ltd. † ORGANIZED 1886	5,427,712	2,972,815	500,000	836,331	2,454,897	2,467,252
Union Assurance Society Limited † ORGANIZED 1714	5,344,801	2,904,423	500,000	938,994	2,440,378	2,467,004

† United States Branch The Amount shown under "Capital or Statutory Deposit" is the amount required in order to transact Business in the United States.
* Includes Securities Deposited as required by Law.

HEAD OFFICE
ONE PARK AVENUE NEW YORK, N. Y.

CAPITAL STOCK Standard protection COMPANY INSURANCE

ATLANTA CHICAGO SAN FRANCISCO


December 1953
Sun Mon Tues Wed Thur Fri Sat
Credit Interchange Bureaus
of the NATIONAL ASSOCIATION of CREDIT MEN
CENTRAL OFFICES
512-514 Arcade Building
ST. LOUIS 1, MO.
Report on
APRIL 22, 1953
DEPARTMENT STORE
Last year's report is as useless as last year's calendar. Better secure new Credit Interchange Report.

Editorial

Internal Dangers

AS A NATION we are very young. The people born and raised in our country frequently lose sight of this fact. They think of our nation as being indestructible and our type of government as being so firmly rooted that nothing could bring about its overthrow or liquidation. Many do not realize that a representative form of government such as we have is the most precious proven experiment in government that the world has ever witnessed. It, therefore, is essential that we be eternally vigilant to protect it and guard it against any effort to change its fundamental concept.

The danger to a representative form of government, such as won world leadership in the shortest time known to history, lies chiefly within its own people. We may unite—and always do—in a common endeavor against our enemy or the enemy of the civilized way of life. We are not equally determined to protect internally the type and form of government we enjoy, because of that confirmed idea that it is as strong as the Rock of Gibraltar. Its strength, however, depends upon the determination and willingness of its people to protect it at all times.

There should be considerable tolerance towards those who are constantly aware of internal dangers and devote their lives either in public or private service to see that there is no erosion of the principles of our government. It is a mistake not to seriously consider every thrust, however camouflaged, that is made against a representative form of government. If a government such as ours is ever to lose its principles, such loss is much more apt to come about through a constant whittling away of human and individual rights and through a continued dissipation or abandonment of our Constitutional Fathers' ideas.

Our representative form of government—the most historic the world has ever seen—must not be allowed to perish through adverse internal influences, any more than it can be allowed to be liquidated by our enemies. It is too precious to be taken for granted. Our forefathers fought for this type of government, and their battle must be continued year by year if we are to preserve the country we know and love. Nothing is more worth fighting for and sacrificing for than a representative form of government that insures the freedom and liberty of people and protects human rights. It stands for a high type of civilization; much higher than those of us who enjoy it but take it for granted could possibly realize. We must preserve it at all costs.

Henry H. Heimann

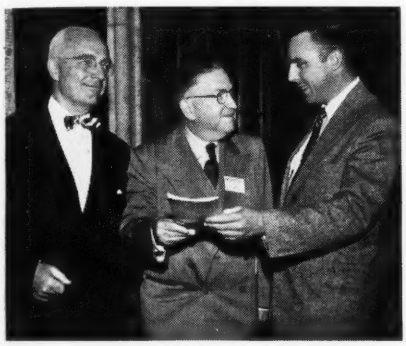
HENRY H. HEIMANN,
Executive Vice President

THE APRIL COVER

THE eyes of business focus on Washington especially in times when intensifying competition makes leaders all the more alert to the potential effects of new legislative measures on commerce and industry. Business wants to know, and so asks the lawmakers for information at every opportunity.

Two Californians in the U.S. House of Representatives were on the speakers' dais with D. M. Messer, vice president and general manager of the Dohrmann Commercial Company, San Francisco, and president of the National Association of Credit Men, at the Pacific Southwest Credit Conference, in Los Angeles.

Here are (left to right) Edgar W.



Hiestand, representing the 21st district (Los Angeles county); Mr. Messer, and Patrick J. Hillings, 25th district (also Los Angeles county).

Congressman Hiestand, who lives in Altadena, started at the bottom in department store operation after his schooling in Chicago and at Dartmouth College, home of one of the Credit Research Foundation's Graduate Schools of Credit and Financial Management, the other at Stanford University. He was manager of "A" stores for a large mail-order house until 1949. In 1917-18 he had been a civilian executive on the staff of the committee on education and special training of the Army General Staff's war plans division. He was elected to the 83rd Congress two years ago.

Representative Hillings, whose home is in Arcadia, is a native Californian (Hobart Mills) and graduate of the University of Southern California, receiving his bachelor of laws degree in 1949. His practice of law in the home city was interrupted by military service in the South Pacific. Elected to the 82nd Congress, he was reelected to the 83rd and is a member of the House administration and judiciary committees.

CREDIT and FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY ★ FINANCE ★ COMMERCE

General Manager: Edwin B. Moran
Official Publication of The National Association of Credit Men

VOLUME 56 **NUMBER 4**

IN THIS ISSUE

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Send copy and plates to 229 Fourth Ave., New York 3.
Chicago, Ill.—*Russell Smith*, 205 West Wacker Drive, Phone: DEarborn 2-5091
New York, N.Y.—*Publishers Associates*, 1133 Broadway, New York 10, N.Y. WAtkins 9-4290
San Francisco, Calif.—*William A. Ayres Co.*, 233 Sansome St. Phone: YUkon 6-2981
Beverly Hills, Calif.—*William A. Ayres Co. (Lee F. O'Connell)*, 111 N. LaCienega Blvd. Phone: CRestview 5-2022
Seattle, Wash.—*William A. Ayres Co. (Lloyd Thorpe)*, 604 Medical Arts Bldg., Phone Main 6827

Published monthly on the 21st of month preceding date of issue by the National Association of Credit Men, 404 N. Wesley Ave., Mount Morris, Ill.

Entered as second-class matter Dec. 28, 1951, at the post office at Mount Morris, Illinois, under the Act of March 3, 1879.

Subscription price $3.00 a year, 25c per copy; Canada, $3.50; all other countries, $4.00 postpaid.

Publication Office:
404 N. Wesley Ave., Mount Morris, Ill.

Editorial, Advertising and Executive Offices: 229 Fourth Ave., New York 3, N.Y. ORegon 4-5100. Midwest Office: 33 So. Clark St., Chicago 3, Ill. ANdover 3-3096.

(Address all editorial and advertising material to the New York office.)

WASHINGTON

¶ THE SONG (of the so-called Bricker constitutional amendment) is over, but the melody lingers on—that is, if such is the word for a bedlam of caterwauling, innuendo, name-calling, possible back-scratching, undoubted political push-pulling. Then an encore was demanded.

The grim comedy of it all, in which objectivity of discussion of a vital theory of constitutional law on treaty-making balance of power among the branches of government soon was blanketed by the issue of personalized government, was maintained right down to the last inch of the curtain drop. There was Sen. W. F. Knowland, Republican floor leader, leaving his desk to vote "as an individual" for Democratic Sen. Walter F. George's watered down version of Republican Sen. John F. Bricker's also self-diluted amendment. When the George proposal was within one vote of winning, and the rollcall was nearing the windup, who should stride forth from the wings but Democratic Sen. Harley M. Kilgore, with a stentorian thespian "No." And, oh yes, lone ranger Wayne Morse, not long ago all but politically exiled by the Administration, voted for the Administration by standing pat ag'in the George amendment.

To the man in the street, the final action places a benedictional blessing upon the Maltas, Teherans and Potsdams. It indorses government-by-man. (Didn't one of the hierarchy of the sancta sanctorum once say in effect that the treaty-making authority in the wrong hands was simply terrible but it mustn't be tampered with because at present it's in the right hands?) And this at a time when, with some attempting to internationalize the United States, the very fact of America's world leadership makes treaty decisions and agreements awesomely important.

The larger question: Is the day past when a subject can be discussed solely on its merits on the floors of Congress?

¶ THE Administration's anti-recession program, especially the farm policy, draws less than 100 per cent approval of the joint committee on the economic report of the President. Most of the report is indorsed, but:

The committee raised the question whether flexible farm price supports might leave the farm family worse off in the long run, with the proposed "modernized parity" likely at this stage to be an "unnecessary disrupting factor";

Called essential a better preparation for a public works program, with a public works administrator responsible directly to the President;

Set up a special subcommittee to watch day by day business developments in the thought that tax relief for the middle and lower income brackets, to encourage consumer demand, might be advisable earlier than indicated by the President;

Wants the President's report to come out earlier; and

The Democratic minority urged that "Government officials should display at least as much courage (as business economists) in facing realities in the raw."

The House by a thumping 411 to 3 stood fast against reduction of corporation tax rates and against lower levies on tobacco, liquor, gasoline and autos, all to have been automatically pared April 1st, but approved 50 per cent cuts in federal "luxury" taxes and comparable lowering of other excises. And there were signs the dikes were weakening at other points of the administration program.

¶ PRESIDENT EISENHOWER gave approval to a plan for pay increases affecting 2,350,000 federal civilian workers at an estimated cost of $350 millions annually. Much of the program would require Congressional approval by new legislation.

¶ POSTPONEMENT from March 15 to April 15 of the date for filing of individual income tax returns and for the declaration and first payment of estimated tax was voted by the House ways and means committee.

¶ PASSAMAQUODDY, the tidal power project between Maine and Canada that ran into plenty of oratorical gunfire in the Roosevelt administration, came right back when the Senate passed and sent to the House a bill to appropriate up to $3 millions to find out what it's all about—that is, as to economic feasibility.

¶ THE St. Lawrence Seaway construction bill was reported out by the House public works committee, financing to be by revenue bonds payable from corporate revenues over a 50-year period

¶ SMALL BUSINESS concededly has been hit by the cutback in military spending. Small business failures increased in the last three months of 1953, although they were "well under the 50-year average," the chief of the Small Business Administration, Wendell B. Barnes, told a congres-

sional committee. As military orders for new type procurement are placed later this year, he sees the readjustment period tapering off.

In a formal report to the President and Congress, the Small Business Administration called for "most vigilant" action by the government and said the President's proposal to ease the tax burden of small business should provide important relief.

In the six months between Aug. 1, 1953 (when the new agency began operations) and Jan. 31, 1954, it had received 170 loan applications and approved 55 of them. The loan total was $3,755,-900, with the average loan $68,000. A steady increase in loan applications is predicted.

¶ "MOST" of the business adjustment already has been made and production and employment upbuilding is in the tooling stage, the Congressional joint economic committee was told by George P. Hitchings, manager, Ford Motor Company's economic analysis department. At the same time he declared consumers' spending for durable goods in 1954 will be 5 to 10 per cent under last year's.

¶ WITH public hearings starting on a rewriting of the agricultural price support laws, and a billion pounds, more or less, of dairy products in storage for the Commodity Credit Corporation, the House committee's chairman, Rep. C. R. Hope (Rep., Kans.), frankly admits that the $350 millions bill to the taxpayers on these products, and the 260 million pounds of butter alone, were running along the furrows in the brows of the troubled committee members.

¶ COVERING the first five months of this year, the Reconstruction Finance Corporation estimated it would produce 203,000 tons of synthetic rubber for general purposes and would sell 194,-000 in the period. It held 80,289 tons of general purpose rubber at the beginning of February.

¶ THE 1954 corn acreage allotment has been reduced 17.4 per cent by the secretary of agriculture. New total: 46,955,504 acres.

¶ THIRTEEN PER CENT less steel was authorized to direct defense and atomic producers for the second quarter than in the first; copper, 20 per cent lower; aluminum, 15 per cent less. Scrap allotments are virtually unchanged.

¶ WHILE U.S. companies' investments in foreign branches and subsidiaries exceeded $16 billions at the turn of the year, new investments in '53 at $1.2 billions were $600 millions less than in the preceding year.

¶ MOLYBDENUM and magnesium metal are among commodities on which the Department of Commerce has lightened export controls.

¶ FEDERAL cooperation in development of small upstream watershed flood prevention and conservation projects—smaller than 250,000 acres—is provided in a bill approved by the House agricultural committee.

¶ THE UNIFORM military training program should wait until the reserves system has been restudied, and possibly reorganized, President Eisenhower said in rejecting a proposal that 100,000 men be placed in "token training" by Jan. 1, 1955.

¶ A 10 PER CENT differential between contract and non-contract rates, suggested by the North Atlantic Continental Freight Conference, does not violate shipping laws, the Federal Marine Board decided.

¶ MORE AUTHORITY for a company's management to determine which suggestions of its stockholders shall go into its proxy statements, is the objective of changes made by the Securities and Exchange Commission in its proxy rules.

¶ THE COTTON carryover next August 1, according to Department of Agriculture estimates, will be 9.6 million bales, a record since World War II and 4.1 million bales over Aug. 1, 1953.

OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.

¶ AUSTRIA, which since 1948 has received $960 millions in aid from the United States, was the fifth nation to be taken off the economic assistance lists, says Harold Stassen. The others are Denmark, Norway, the Netherlands and Belgium.

¶ THE STATE DEPARTMENT is relinquishing to the Department of Commerce the export licensing of specified combat vehicles, photographic and projection goods and scientific electrical apparatus. The Commerce Department says control still is advisable because of the items' strategic value but they no longer are rated as war products.

¶ ALL FEDERAL agencies have been instructed to check up on their real estate holdings, buildings and improvements, preliminary to sale of such as are not essential to government operations.

¶ ONLY INCIDENTAL changes will be made in the basic standards for determination of fair prices which must be paid growers by Puerto Rican and Virgin Island sugar cane processors in order to qualify for subsidy payments.

Facts All-Importan

Flexible Budgets Are Advised, As Closer Checks on Future

RETURN to the more competitive business era is bringing new approaches from accountants—and new requirements by management in terms of information expected of accountants. On the following pages are comments by accountancy executives and authorities, in response to inquiries from *Credit and Financial Management* as to changes of relative emphasis in ratio analyses and other interpretations of marketing, sales and distribution that will help bank and mercantile management to a comprehensive appraisal of the responsibility and prospects of the subject.

Arising were such questions as the showing of aging schedule in accounts receivable, proper reserve for doubtful accounts, customer requests for extension of time to pay. Under inventories: pricing and turnover, units and dollars maximum, slow moving stock, cost adjustment to current situation. Fixed asset problems: selling and re-leasing lands and buildings to increase working capital, installing new machinery to reduce operating cost. There were the break-even point, commitments on raw material for future delivery, and prices, and: What ratios are particularly helpful under a buyers' market?

A few highlight suggestions from the accountants:

A flexible budget, fashioned out of the cash forecast with some expansion, can create more favorable clime by predicting with reasonable accuracy the future performance under varying sales, costs and expenses;

Watch the potential market, not merely the inventories;

Important to the real picture are the conjunction of units and dollars, knowledge of replacement values at statement date, outstanding commitments, break-even point—and inventories may have to be larger in amount but smaller in age;

It's time to return to tighter controls—reappraise standards, revitalize budget procedure, develop intensive educational programs among new executives;

Credit executives should be especially alert to see if the certified public accountant has given a clearcut expression of opinion, and, if not, why not; to ascertain trends and ratios over a number of years, and to know if the customer's accounting procedures have been consistent for an extended period.

Following are the accountants' comments in their own words, with a wealth of thought for management under the press of competition.

More Current and Complete Data Needed from Accounts

JULIAN A. HAWK, *Certified Public Accountant, Arnold, Hawk & Cuthbertson, Dayton, Ohio*

IN the face of increasing competition and the possibility of shrinking sales, credit executives are going to need more current and complete accounting information from businesses to whom they extend credit. This is especially true if it is long-term credit. The need for such information is not only vital for an accurate appraisal of safe credit limits, but it is also valuable to the businesses which furnish it in helping them to plan their own business affairs.

JULIAN A. HAWK

The information and data which usually are presented to secure credit are statements of net worth, earnings, working capital, current ratio, aging of receivables, ratio of receivables to sales, inventory turnover and several others. These all have their uses and are helpful to credit departments, especially if they have been secured regularly over a period of time, thus serving to denote trends.

However, inasmuch as all of this information is historical, there is some doubt as to whether it supplies the need of the credit executive for some knowledge of the future prospects of the creditor business. It is entirely possible that a business with sound financial statements and ratios might not be a very good credit risk in the future. This could result if its sales backlog was exhausted and keen competition was forcing it to operate in the future at a loss.

Therefore, it seems that some other information is needed which would give the credit man more knowledge of the future prospects of the business. The cash forecast or cash budget is being required more and more by banks in connection with long-term loans. This is a step in the right direction, but such forecasts predict for only one set of conditions which probably never will be realized.

With some expansion the cash forecast can be made into a flexible budget which can predict with reasonable accuracy what is to be expected under varying business conditions, and with varying sales, costs and expenses. The use of such an accounting device can create a more favorable climate between the debtor and the credit grantor because it indicates just where the debtor business is going to come out on the basis of any projected level of activity.

Very simply stated, the flexible budget forecasts the future based on data compiled on past experience coupled

(Concluded on page 11)

Now, Say Accountants

Studying Potential Market More Vital than Watching Inventory

Tighter Inventory and Cost Controls Urged, New Training

J. Brooks Heckert, *C.P.A., Professor of Accounting, Ohio State University, Columbus*

IT'S here—the time for tighter controls. Those of us who are active in overall management or in sales, production, credits, or accounting will readily admit that controls have been relaxed in the past 13 years of war and post-war economy. In times when it was difficult to secure enough production in the plants to fill the orders, there was naturally a lessened interest in inventory control and even cost controls. Most customers were glad to pay promptly in order to get the goods.

J. B. HECKERT

Speaking generally, this situation has now ended. The general expectation now is that prices will either be stabilized or trend slowly downward and business will return to a strictly competitive basis.

How shall we get back our controls? I would suggest three methods that should be applicable in most companies:

1. **Reappraise the standards;**
2. **Revitalize the budget procedure;**
3. **Develop an intensive educational program among new executives.**

In many concerns the standards have been neglected. This pertains particularly to standard financial and operating ratios—for example, the average number of days accounts receivable may be outstanding, departmental turnover rates, etc. Also many cost standards—particularly for distribution costs—have been neglected or abandoned. All of these should be reviewed and again made effective as measurements of performance.

In many instances the budget procedure has been neglected. In a highly competitive economy it becomes necessary again to do more effective planning and to search for wastes. Budgeting is the most effective management tool for this purpose.

Finally, a new generation of minor executives—foremen, department heads, branch managers, supervisors, etc., have come into the picture in the past 15 years. They have not lived through a period of intense competition. They need training in the development and use of managerial control devices. In many concerns, such an educational program, on the job, will return substantial dividends.

The concerns that are quickest to revitalize their control techniques will find themselves in the best position to meet the challenge of greater competition.

Over-Care on Inventory Can Cause Loss of Many a Sale

Marjorie V. Guthat, *Certified Public Accountant, Chicago, Illinois*

SO much has been written and said about "watch the inventories," now that the country is entering the "buyer's market" according to the forecasters. What do you do when you "watch an inventory"?

M. V. GUTHAT

That is a frequent question these days. Some believe they have found the answer—and I hope they have. Others try to follow the leader and use ideas others have tried and pass along.

There is no rule of thumb that can be applied. Watching inventories is an individual undertaking. It cannot be delegated to an outsider. Someone familiar with the industry and that one particular company must do the estimating and actual figuring.

Here is a problem for the key men in the company. How can inventories be held so there won't be a terrific loss from obsolete goods, yet have enough inventory to meet demand for that article or type of goods? The stumbling block—that little word "demand." Who can guess what the demand will be?

What can be done? The answer is not a complete and drastic cutting of all production. Some articles manufactured or sold are of the type that will sell in a buyer's or a seller's market. How can you tell which articles will sell year in and year out? A careful study of the records of the company will help materially in estimating what production or purchasing should be. Yes, I know small companies where such records are thrown away. The executives think it is silly to refer back to sales and purchase records as an aid to future production or purchases.

This past Christmas season is a good example of being overly conscious of watching inventories. Many sales were lost because sizes or colors were not available or obtainable. In some instances, I hear, purchasers were given photographs of articles with the promise the article would be delivered "if and when" available. Was that your experience last Christmas?

Apparently some executives were so busy watching inventories they did not "watch" the potential market demand. Had the executives been watching market demand as well as past sales, purchase records, etc., maybe more articles would have been available and SOLD last Christmas season. Comparative sales figures, purchase figures, even to the extent of com-

(Concluded on page 10)

Clear Expression of C.P.A.'s Opinion of Trends Significant

CARMAN G. BLOUGH, *Director of Research, American Institute of Accountants, New York, N.Y.*

WHEN business is active and companies are prosperous, they seldom overvalue their inventories and accounts receivable. For the same reasons, they seldom bother to analyze sales and costs by products, or to eliminate possibly unprofitable lines; they borrow freely, buy on extended credit, and enter readily into substantial commitments for future purchases.

C. G. BLOUGH

In the optimism of such times, managements tend to overlook the possibility of excess plant capacity under their expansion programs. They fail to examine the efficiency of their various plants with a view to determining whether one or more might better be shut down, to analyze sales by territories and classes of customers to determine whether some may be unprofitable, or strictly budget costs and sales. Dividends are distributed freely and exorbitant salaries are paid readily to officers.

As we move away from a seller's market and competition for buyers becomes keen again, such matters become increasingly important. This is not only the time when each company should review its own financial practices; it is the time when its credit department must examine the financial practices of its customers in such respects if severe credit "headaches" are to be avoided.

The danger of reaching an important credit decision without analyzing the customer's financial statements, and being sure that they are a fair presentation of the customer's condition and results of operations, can hardly be overemphasized. Regardless of the type of analysis to which financial statements are to be subjected, without a sound basis for relying on their fairness the analysis may be of little use. Whenever possible, a certified public accountant's report should be obtained, and his certificate and any qualifications contained in it with respect to the scope of audit and the fairness of the presentation should be read with great care.

Bank and mercantile credit executives should be especially alert to see whether the C.P.A. has given a clear-cut expression of opinion, and, if not, they should ascertain why not. His observation of inventory-taking and his confirmation and analysis of accounts receivable may be particularly significant in a buyer's market when inventories have a way of losing value and receivables tend to be overstated.

It is increasingly important to develop comparative data and to ascertain trends and ratios over a period of years. Risks cannot be judged properly on the basis of a balance sheet alone. Operating statements for a period of years must also be analyzed to determine trends in earning power. What may seem to be ample working capital today may be quickly dissipated without earning power.

When any ratio is used which involves trends of net income in relation to other factors over a period of years, it is extremely important to be sure that the customer's accounting procedures have been consistent throughout the period. Special attention should be paid to the treatment of material, extraordinary items of income or expense, to the basis of inventory pricing, and to additional depreciation or amortization provisions. All of these may materially affect income and exaggerate in one way or another the ratio trend.

Business getters are often impatient with the imposition of more severe restraints on credit at just the time when sales are hard to make. However, it is when sales are hard to make that debts are hard to collect. It is when sales are hard to make that salesmen reach out for poor risks and the credit grantor has to be doubly alert.

***Asterisk (*), though like a star, we do not wonder what you are—we've felt the jolt your meaning packs, in grim foot note: "Plus Federal Tax."*—Anonymous**

M. V. GUTHAT *(Concluded from p. 9)*

parison year by year of individual articles, will prove useful in projecting ahead for production or purchase.

Yes, it is important to watch inventories, but first and of prime importance is the market and the demand for an article. After all, the main objective is the MARKET.

What has the wholesale credit manager to do with watching of inventories? He is definitely interested in the inventories of his customers—prospective or old. Purchases, demand of the market, sales, inventories are all tied together so closely that the credit manager cannot afford to overlook present day inventories—both as to quantity and price.

Whether it is a buyer's or a seller's market, it is wise to know the demands for the particular line of goods your company is selling; the purchases of prospective and old customers will depend on that demand. And as credit manager you are primarily interested in sales AND the collection of the bill.

The condition of the customer's inventory, therefore, must be looked into—whether he is overstocked, or understocked on some items, whether he is carrying a lot of obsolete goods. By direct questioning and an offer to aid in preparing an order, such information can be gleaned.

Many companies have changed their method of pricing inventories. Present inventories may be priced at lower of cost or market, and "cost" may mean the company is using the LIFO (last-in-first-out) method of pricing the inventory. This means that the last article purchased is considered as the first article sold. On a rising market, this method results in the company retaining, theoretically, the lowest cost merchandise in their inventory, the higher priced merchandise being considered as "sold." Consequently, many companies now have a nice "cushion" to offset inventory losses caused by a downward market.

When analyzing balance sheets of customers, the credit manager must be an "inventory watcher", for it is important he know the method of pricing the inventory, the condition of the goods in the inventory, the salability, whether the inventory is too high, and—what happened last Christmas—whether the inventory is too low.

Five Factors of Importance Beyond an Analysis of Ratios

J. S. SEIDMAN, *Seidman & Seidman, Certified Public Accountants, New York, N.Y.*

THE bloom is off the sellers' market. Under those circumstances, I feel that the following factors take on enhanced significance over and above the conventional ratio analysis.

J. S. SEIDMAN

(1) UNIT FIGURES — Dollar amounts can be misleading. An increase in dollars can exist though there has been a decrease in physical volume or production. It takes the conjunction of units and dollars to get the real picture.

(2) BREAK-EVEN POINT — Costs have not only risen but many of them (like labor) are inflexible or at least it is not realistic to anticipate that the rates involved are likely to decline. Under those circumstances, keeping tabs on the break-even point becomes important.

(3) INVENTORY PRICING—With many companies on a LIFO method, which may involve costs at points many years back, knowledge of replacement values at statement dates becomes important as a means of measuring the real impact of current changes in market conditions from one period to another.

(4) INVENTORY AGING—The aging of an inventory has always been significant from the standpoint of check on obsolete or slow-moving stuff. With the changeover from a sellers' market to a buyers' market, age standards also undergo change. Where before customers placed orders long in advance, they now work more on a hand-to-mouth basis. This means that inventories may have to be larger in amount but smaller in age.

(5) COMMITMENTS—Inventories alone will not cover the entire analysis. Outstanding commitments on the buy and sell side must likewise be taken into consideration, both as to amount and price in relation to prevailing market.

***"We are living in an age of such turmoil and upset, of such alarms and excursions, of such uncertainty and confusion, that we tend to lose sight of the possibility—I would even say the probability—that we are on the verge of a great new era of international trade and international prosperity."*—WALTER L. LINGLE, JR., Vice President, The Procter and Gamble Company, Cincinnati.**

JULIAN A. HAWK *(Concluded from p. 8)*

with expected future performance. Sales are forecast by the people in the business best qualified to make such a forecast. These forecasts are made showing the effect of possible changing conditions. Costs and expenses are determined for the forecast sales at varying volume levels. These costs and expenses are broken down into fixed costs and variable costs. Results can therefore be predicted with reasonable accuracy at any sales level or aggregate.

From the information which is available from the preparation of the flexible budget the break-even point in any business can be readily determined. Any change in sales volume or increase in operating costs will have an effect on the break-even point which can be readily determined by the information available in the flexible budget.

It seems to me that credit men could be very helpful to the businesses to which they grant credit if they would suggest to them that they fortify themselves against the economic changes incident to a buyer's market by the adoption of the flexible budget for their operations. It would also be helpful to credit grantors if sufficient information from such budgets were furnished them that they may know how the creditor expects to pay off his account or loan if things go according to plan, and, if conditions change, what effect such changes might have on his ability to pay.

CARMAN G. BLOUGH, director of research, American Institute of Accountants, was the first chief accountant of the Securities and Exchange Commission. In World War II he was director of the procurement policy division of the price adjustment and contract termination boards. He is a graduate of Manchester College and the University of Wisconsin, and is adjunct professor of accounting at Columbia University in New York. He is a certified public accountant in several states, and at one time was a partner in Arthur Andersen & Company. He was given the Distinguished Service Award at the 66th annual meeting of the A.I.A. last fall.

MARJORIE V. GUTHAT, certified public accountant with offices in Chicago, has been at the head of the Chicago Chapter of the American Women's Society of Certified Public Accountants and is a former credit manager. She is active in educational work of the Chicago Association of Credit Men, and contributed to the editorial features of the 1954 Credit Manual of Commercial Laws.

JULIAN A. HAWK, partner in Arnold, Hawk & Cuthbertson, certified public accountants, Dayton, Ohio, is a graduate of Ohio State University, and specializes in tax matters. He is past president of the Ohio Society of Certified Public Accountants. His articles in the February and March, 1952, issues of *Credit and Financial Management* were widely reprinted.

DR. J. BROOKS HECKERT, professor of accounting at Ohio State University, Columbus, Ohio, studied at Kansas Wesleyan University, the University of Kansas, and the University of Chicago. He is treasurer of the Columbus Blank Book Manufacturing Company, author of a number of books on business and accounting. He is a certified public accountant, and past national president of the American Institute of Accountants. The Boston Conference on Distribution last year elected him to the Hall of Fame.

J. S. SEIDMAN, member of the firm of Seidman & Seidman, certified public accountants with headquarters in New York, N.Y., is a member of the Council of the American Institute of Accountants, first vice president of the New York State Society of Certified Public Accountants, accounting consultant to the House appropriations committee and to the Hoover Commission, member of the advisory committee to the Commissioner of Internal Revenue, and tax columnist of the New York *Herald-Tribune*. In World War II he was a naval captain doing special investigations for the secretary of the navy.

Consumer Credit—Sire of Mass Output

Current Debt Will Not Overburden Buying Power, Says Economist

By **DR. ERNST A. DAUER**
Director of Consumer Credit Studies
Household Finance Corporation
Chicago, Illinois

CONSUMER CREDIT has received an increasing amount of public attention in recent years, particularly among the more vocal opinion-forming groups, such as the newspaper columnists and editors, radio commentators and professors. Yet few people realize how vital a role it plays in the lives of all of us.


DR. E. A. DAUER

Consumer credit falls into three general types: (1) Convenience credit, (2) emergency credit, and (3) instalment purchase credit.

Helps Buyer and Seller

Practically every family uses consumer credit every day—for newspaper and milk deliveries, for electric, gas, water, and telephone service, as charge accounts for goods bought at stores and services rendered by professional people. These charge accounts for services and small daily purchases are a real *convenience* for the consumer in handling his day-by-day transactions. In addition, this manner of handling repetitive purchase of goods and services of small unit value constitutes for the seller a much more convenient billing method which greatly reduces his operating expenses.

Personal instalment loans — cash loans for purposes other than purchase of goods and services—are an *emergency* form of credit. Two types of financial problems — emergency needs and the necessity to consolidate debt — arise in the average family about once every two years. It needs cash when an interruption to income occurs, or when it faces an unavoidable large outlay. Relatively few families with annual incomes of less than $7,500 maintain adequate liquid assets.

With the cash loan, one willing creditor replaces unwilling creditors. The family can pay off the one creditor on a monthly basis, using 6 or 7 per cent of its monthly income, meanwhile having the remaining 93 or 94 per cent available for everyday expenses.

Such injection of cash into the business stream sets into motion a series of actions with which the readers of CREDIT AND FINANCIAL MANAGEMENT are familiar. By this injection of cash and by enabling families to continue their effective demand for normal daily needs, such emergency loans act as a real balance wheel in our economic system. By enabling families to meet emergencies without disruption of normal activities, such loans provide a real safety valve for our social system. (Household Finance Corporation is engaged almost exclusively in this area of consumer credit.)

Instalment purchase credit, through use of the time payment plan of purchasing (or selling) goods and services, is the vital link in a high level economy geared for mass production, which is neither feasible nor profitable without mass consumption.

THE AUTHOR, an authority on consumer credit, has had long experience in research with the Federal Government and private industry, and in the teaching field. Ernst A. Dauer received his bachelor's degree with highest distinction, his master's degree and his doctorate at Northwestern University, also took graduate work in Germany.

He taught for six years in Northwestern's School of Commerce. For ten years he was economist for the Federal Deposit Insurance Corporation in Washington and had charge of research in consumer credit.

Since 1948 Dr. Dauer has been director of consumer credit studies for Household Finance Corporation, which is engaged solely in cash lending, primarily under small loan laws, and is not in the field of sales financing.

Our unparalleled economic advance in the last century was brought about through the application of industry, skill, knowledge and more efficient machinery and processes. An example: One automobile company in 1908 began buying machinery to replace its hand tools, and by 1948 had about $6,000 invested in equipment for each employee. (Replacement cost of the equipment in 1948 would have been $10,000 per employee.) The company's 1947 cars, which sold for less than $1,500, would have cost more than $50,000 if they had been built with the tools used in 1908. The large scale production, which reduced prices, raised wages and shortened hours, could not have occurred without simultaneous development of sustained mass markets.

Essential Role of Instalment Selling

These sustained mass markets, supplied through consumer credit, required a change in the public attitude toward debt assumption.

Throughout the 19th century the dominant philosophy was to avoid debt under all circumstances, and to acquire assets only out of savings. Today, the average American family believes in acquiring durable goods through the use of its credit when the family is young and its needs are greatest, and paying for them through savings while the goods are being enjoyed. Today, more than one-half of our cars, furniture, kitchen equipment, television sets, and other consumer durable goods are bought "on time."

The *Survey of Consumer Finances* made by the Federal Reserve Board in early 1953 showed that 74 per cent of the "spending units" (about the same as a family) had income of less than $5,000. This 74 per cent comprised the mass demand which made mass production possible; yet two-thirds of that 74 per cent had less than $500 in liquid assets. Hence mass demand for all major purchases

is today largely dependent on instalment credit.

The annual income of the average (median) spending unit in 1952 was $3,420. What little is left after necessary expenditures, payment of taxes, and wise provision for the future, is spent for something of immediate use. Moderate instalment payments can be fitted into the family budget.

That changed philosophy and instalment credit, together, have made it possible for average families to share the products of American industry on a scale undreamed of in other countries, and have raised the standard of living.

The repercussions from any peacetime disruption of high-level operations of consumer durable goods industries emphasize their importance —and that of consumer credit.

Emergency loans act as a balance wheel in our economic system, as a safety valve for our social system.

Large scale production, which reduced prices, raised wages and shortened hours, could not have occurred without simultaneous development of sustained mass markets; and time payment purchasing or selling of goods and services is the vital link in a high level economy geared for mass production.

74 per cent (the mass demand) of the spending units have income under $5,000, yet two-thirds of this 74 per cent has less than $500 in liquid assets.

One-half of the 54 million spending units last year had no short-term debt other than charge accounts.

Whether consumers will continue to take on instalment debt at the current rate depends largely upon what they think of the values offered, also upon a continued high level of consumer disposable income.

Dr. Ernst A. Dauer

Volume of Consumer Credit

Throughout much of the last two years, concern has been expressed in some quarters about the volume of consumer credit, and about what has been called its rapid growth. Ironically, during the last six months concern has been expressed that consumer credit might fail to continue to grow, or in fact might decline. Consumer credit outstanding on Dec. 31, 1953, as estimated by the Federal Reserve Board, totaled $28.9 billions.

The amount of charge accounts for goods and services — *convenience credit*—currently near $5.0 billions, fluctuates considerably from month-to-month, almost solely as a result of seasonal changes in sales. Personal instalment cash loans—*emergency credit*—which amounted to $4.3 billions on Dec. 31, 1953, are remarkably stable in amount; their growth has been gradual, but continuous, since 1945.

Instalment purchase credit—representing time-payments for goods and services — fluctuates more sharply than any other form of consumer credit. It declined sharply from $6.1 billions in September, 1941, to $1.2 billions—a level at which it remained until the end of the war. Thereafter, it rose almost constantly, except for a leveling off period from the fall of 1950 through the early months of 1952, when Regulation W restrictions accelerated the rate of repayment. On December 31, it totaled $17.6 billions. Of this, $10.3 billions represented automobile paper; $5.6 billions, paper covering other consumer durable goods; and $1.6 billions, repair and modernization paper.

(The Federal Reserve Board also includes, in its estimates of total consumer credit, an amount of $2.1 billions of "single-payment loans." Since the character of these loans is not readily determinable, and their inclusion may be inappropriate, they are not further discussed in this article.)

Postwar Credit Expansion

To appraise the postwar consumer credit expansion, these facts must be considered:

(1) The low wartime level resulted from the absence of durable goods production and the high level of incomes, generally.

(2) Volume of consumer credit created in succeeding years rose as durable goods became available, and the increase in the volume outstanding was necessarily steep.

(3) Price increases from inflation were reflected directly in the increased consumer credit outstanding, since goods and services had to be purchased at higher prices.

(4) Comparing today's level of consumer credit with the level outstanding in 1945 is meaningless, as is comparison of the increase since 1945 with that in any national measure not similarly depressed during the war. The present level of consumer credit and instalment credit is moderately higher than the pre-war peak in terms of an overall aggregate such as disposable personal income (i.e., consumer income after taxes).

(5) The pre-war peak relationships in 1939, for example, were attained at a time when there were 10 million unemployed in this country and we were slowly recovering from the long depression. To restrict these relationships currently, to the pre-war relationships, would ignore the growing role of durable goods in our rising standard of living.

Soundness of Current Volume

The Federal Reserve Board's *Survey of Consumer Finances* in early 1953 showed practically one-half of the 54 million spending units had no short-term debt whatever, other than charge accounts. Three-quarters of all spending units owed less than 10 per cent of their annual income after taxes; only one-eighth owed more than 20 per cent.

Most of the debt is owed by those in the $3,000 to $7,500 annual income groups, largely by heads of families in age groups between 18 and 44. One of every three has more liquid assets than debt. Even if mortgage debt is added, the consumers' debt appears soundly distributed.

There is no reason for believing the present amount of debt will have an onerous effect on future purchasing power. Those who incur substantial debt withdraw tem-

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A Problem for the Book and How It Was Solved

A Feature Series on MANAGEMENT AT WORK

By NEWMAN L. SHEETS
Credit Manager
The Colorado Builders' Supply Co.
Denver, Colorado

OUR biggest credit problem in 1954, or in any other year, is the attitude of our contractor-customers toward their accounts with us. It has become almost traditional for a contractor, with some happy exceptions, to hold back on payment for materials purchased from a supplier until he has placed those materials, or a part of them, in the job, and received payment from the owner. Not until then does he pay the supplier accordingly. Obviously, contract arrangements mean nothing in these cases.

Our company, which serves the states of the Rocky Mountain Empire and will celebrate its 50th anniversary next year, is a fabricator of reinforcing steel bars and accessories and open web steel joists, dealing principally in fireproof building materials. We are also distributors for heavy construction equipment as well as a prime contractor for ammunition for the Army Ordnance Department. We are serving customers who have dealt with us since the beginning of our company. Some of them occasionally assert their "old-customer" prerogative to a distressing degree.

Protests Follow-up Letters

A case in point. A customer in a near-by state, one of our most valued customers with whom we have been doing business for more than 30 years, became upset upon receiving three routine follow-up letters on his account, which had run approximately two months past the due date.

In angry tones, he addressed the writer, declaring that 17 years ago he had made a deal with the president of our company that should his jobs be delayed by the weather or labor problems, or should he run short of money, it would be satisfactory for him to pay us whatever amount he received from estimates for what material of ours he had placed in his jobs.

He said he had followed that policy ever since (and he surely had),

"Doubly beneficial"—**Newman Sheets**

and added that he never had purchased any of the materials we ordinarily would furnish from any other source, regardless of any difference in prices quoted,—and this was true.

He "informed" us that he did not care to receive any more letters from the writer about his account. Then he asked if our policy toward him had changed, with an inference in his letter to the effect the sooner he knew it the better. It was plain to see that he was almost bitter in his attitude.

His letter was appropriately answered by our president, acknowledging our desire to assist him over difficult periods but explaining to him that we had to have the money from our customers to conduct our own business properly, and assuring him of our wish to continue to serve him.

Naturally his account was handled with special care from then on, and he continued to purchase from us all of his required materials.

In the late spring, we received a very urgent order from him for a large quantity of galvanized special bolts and plates for use on an irrigation canal headgate and spillway project under the Bureau of Reclamation. The contractor had a very short time limit with a heavy delay-penalty. In addition, water had to be turned into the canal on a given date whether he had finished or not, and in that event he would not be able to complete the job for another seven months.

The unusual conditions surrounding the order caught this writer's attention. After determining just what we could do by careful continuous special handling, we telephoned the customer and explained to him the delivery we proposed to give him, partial in so many days, additional quantity the following afternoon, and completing the shipment that following morning.

Our entire organization closely watched the progress of the order and the credit manager telephoned him three times as to progress.

Shipment was made exactly as promised, with a long distance call from the credit manager each time giving him full information on what the shipment included and when the next shipment would move. Following the last shipment we again called him and expressed the hope we had been able to meet his needs.

He was able to complete the job the day before water was turned into the canal, and without penalty. He was

most expressive of his appreciation of our efforts. He made a trip to Denver to meet and thank the persons who were responsible for the service.

Prompt Pay, Lasting Friendship

From that time on his "policy toward us" changed. He has paid his account promptly, according to contract and regardless of his previous "understanding." It is apparent that our relationship is much closer. He looks upon the credit manager as a friend, one who is interested in his problems.

We since have used this approach on customers who had a similar attitude toward their accounts. In every case we have found a definite improvement in their paying habits.

The procedure developed out of this case has proved doubly beneficial to our credit and sales departments. Besides the better paying record of the customers there has been an immeasurably valuable building of goodwill.

NEWMAN L. SHEETS was born in the year of the San Francisco earthquake and he's been stirring up things ever since, certainly after joining The Colorado Builders' Supply Co. of Denver in 1934 as an assistant in the credit department, also handling purchasing, traffic and prices, and taking over as credit manager in 1942.

As a past national officer of the Sigma Chi Fraternity, his chief outside interest the last 25 years has been the progress of the local chapter.

Mr. Sheets is a past president, vice president and treasurer of the Rocky Mountain Association of Credit Men. He also is a former president of the Denver group of the National Association of Purchasing Agents, now a national director, and is continuing active in purchasing.

An Exaggerated Death

INSTEAD OF dying on the vine, as the founders of the International Monetary Fund predicted at Bretton Woods in 1945, the Bank for International Settlements at Basle, Switzerland, has built up its resources from the $150 millions of nine years ago to $550 millions today, and has a growing influence on monetary leaders both in Europe, and outside, says Roger Auboin, managing director of the B.I.S.

The bank is owned almost in entirety by central or national banks of European nations.

TRENDS—IN BUSINESS AND FINANCE

Up-looking Outlook

JET-PROPELLED jottings from a luncheoning of Commercial Credit Company leaders with the press:

"Nothing better could happen to our economy than a 5 to 10 per cent recession. It would promote efficiency and business would get a better labor return. One of the troubles has been that manufacturers and others have lost the art of selling. Some are going to have a job of starting from scratch, and I believe that is good. I cannot see how there can be any serious recession. We expect a satisfactory year."—ALEXANDER E. DUNCAN, chairman of the board.

And from PRESIDENT E. C. WAREHEIM, re business forecasts: "There has been too much conversation. Actually, business is only getting back to normal. Delinquencies are fewer than what used to be called normal."

P.S. The company's 1953 earnings were the highest in its 42 years, passing the $23.8 millions mark in consolidated net ($19.8 millions in '52). All phases of operation—the finance, insurance and manufacturing companies—contributed to the new mark. While the manufacturing companies' net was $3.9 millions as against $4.08 millions the previous year, the substantially added reserve for increased inventory under "Lifo" was cited as the main reason, —and manufacturing sales were at a record net of $110.7 millions contrasted with $102.2 in 1952.

Verily a Gift

"RECESSION-PROOF" was the sign manufacturers and distributors of giftware were vocally hanging over the New York Gift Show at the end of two days, when the 9,442 registrations of shop owners and other buyers had passed by 830 the parallel period of last year, which had been the best ever. And—everything offered had been sold, even if buyers had posed penetrating questions.

Easy Money, or Sound?

FORCED DRAFT is blowing economic smoke directly into the eyes of official Washington with the result that, instead of the hard money basis on which the Administration took off, "it now appears that we shall have flexible easy money rather than flexible sound money," with "continued pressure for a one-way easy money policy" and doubt that inflation will be completely controlled.

That's the way Carol M. Shanks, president of the Prudential Insurance Company, put it in addressing a New York regional conference of the National Federation of Financial Analysts Societies.

NOW They Tell Us

They can't do that to us! But they did.

The Index of Industrial Production, in which we're greatly interested (see January '53 and '52 Credit and Financial Management) has been revised by the Federal Reserve Board. The comparison base period, in which the index averages 100, has been shifted to 1947-49 from the previous base period 1935-39.

There is no indication the new base period is considered "average" or "normal." The objective was a more convenient and recent period. The one now adopted is being used for many other economic studies. Revisions were made in the index in six different areas. But the shift in the comparison base period was the most important.

Forecasts that were made in response to C&FM's questionnaire will be adjusted to the new base period when comparisons are made with the official returns this summer. Federal has linked the old index to the new base period, making available a continuous series of monthly data from 1919 to date.

A Skip-Across

COMBINING procurement and marketing activities "to improve our way of life," and effectual dissemination of the cumulative technical knowledge of industry were recommended by John A. Hill, president of the Air Reduction Company, to members of the Purchasing Agents Association of New York.

With purchasing agents increasingly engaged in profit-making operation that merited representation at the top management level, Mr. Hill suggested that procurement, in cases where materials are a sizable part of the full cost, should be handled as a separate function reporting directly to a top executive, and that purchasing "deserves highly trained personnel on a par with any other department of the business."

No Combustibles

HISTORY grinds even more slowly than the well-advertised mills of the gods, but it has been setting a fairly fast pace in erasing the political smearings from one of its pages. Herbert Hoover, who noted that he "was credited with having constructed, all by myself, the entire worldwide depression which lasted in the United States from 1931 to 1941," had something to say, the other day, about combustibles.

"Without some combustibles" like those of the early Thirties—domestic over-optimism, total financial collapse in Europe, and this country's 51 motley banking systems that were anything but shock-proof—"dips, slumps or recessions do not develop into great depressions. I do not see them anywhere on the landscape."

$68 Million Lineage

ADVERTISING by the 14,130 commercial banks this year is going to clang the bell at $68 millions, says the American Bankers Association's advertising department. That's $7 millions, about 12 per cent, more than the outlay for the purpose last year, and in line with the increasing attention since 1950 to telling its own story for itself.

Three Straws Aloft

BLOWING in the same direction—straight ahead—are three trends noted in a checkup among manufacturers, retail chains and auto dealers by Standard Factors Corporation. Says President Theodore H. Silbert:

Manufacturers are paying more attention to modernizing their plants, to help reduce operating costs; retail stores and auto dealers, reporting collections "very good," show no important letdown of credit policies; and some companies are confessing to misjudgment in jettisoning inventories with the result they lost business in January because of shortage of stock.

Ernest A. Rovelstad

CONSUMER CREDIT

(Continued from page 13)

porarily from the market for other durable goods, but their places are taken by others who have repaid debt.

In the last two decades the proportion of total income received by the middle and lower income groups has increased considerably. Subsistence requires a smaller proportion of mass income. Discretionary income, the proportion of total income available to buy durable goods or service consumer debt, is now much larger, as is the amount of liquid assets, and distribution is better.

Outlook For Consumer Credit

Since about August of 1953, the amount of instalment credit outstanding has increased less than in earlier months. This has been interpreted as reflecting a decline in the use of credit, as foreshadowing a further decline in the future, and as confirming fears that the total amount of debt would prove to be onerous.

In my opinion, this involves a misinterpretation of what is occurring. Readers of CFM know that the amount of credit outstanding reflects changes in two factors: the rate of repayment, and the amount of credit put on the books. Throughout most of the period since the end of the war, the amount of credit granted was increasing as the production of consumer durable goods increased, and as a more normal use of consumer credit was being resumed. Federal Reserve estimates seem to indicate that the amount of consumer credit granted is tending to level off, and fluctuations appear to be almost entirely of a seasonal character. The amounts of repayments, which are related to the credit granted in earlier months, and the length of those contracts, have continued to increase normally.

Whether consumers continue to take on instalment debt at the current rate depends largely upon what they think of the value which sellers of durable goods offer. It also depends upon a continued relatively high level of consumer disposable income, which most analysts expect.

A large accumulation of durable goods, in the hands of both business and consumers, makes it possible for

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Heimann Notes Credit's New Selling Role In Interview with Columnist Rukeyser

MERRYLE S. RUKEYSER, financial analyst and feature writer of International News Service, following an interview with Henry H. Heimann, executive vice president, National Association of Credit Men, recently concentrated his Saturday column in the New York *Journal-American* upon a redefinition of the role of the credit manager for the readjustment period. Mr. Rukeyser was a guest speaker at the 55th annual credit congress of the N.A.C.M. in Boston in 1951, his topic "Appraisal of Current Economic Trends."—Ed.

By MERRYLE S. RUKEYSER

IN this period of economic readjustment, the role of the credit manager is being redefined.

It's no longer enough for the credit man to be the company's "no man."

The credit manager cannot justify his existence merely by pointing to the smallness of losses in relation to total sales.

If the loss ratio is subnormal, top management suspects that an unduly severe credit policy may have been hurting total sales volume. And nowadays, in these increasingly competitive times, when costs are still sticky and the break-even point of companies is high, there is no substitute for volume.

For any shrinkage in volume, while overhead and other costs are high and pretty much fixed, tends to increase per unit costs. With customers waiting to be wooed through better values, such inflation of costs tends to diminish the margin of profit.

Job to Build Sales Volume

In discussing the impact of the rebirth of salesmindedness in industry with the credit problem, Henry H. Heimann, executive vice president of the National Association of Credit Men, told me that the credit department must also make a contribution to sales volume.

In reporting to top management, the credit manager, Mr. Heimann said, must supplement ratio figures on losses to sales with data showing how much in sales was rejected on ground of poor credit, and how much marginal business was taken and made good.

Thus, in his new setting, the credit manager is expected to be active, rather than passive.

Role with Marginal Customers

The new approach is for him to study marginal customers and to show them how to strengthen their position.

Such customers are frequently told that, if they follow the remedial recommendations made, a line of credit will be opened for them. Then they are expected to show the credit manager in periodical financial reports that they are following his advice and are thus strengthening their capacity for paying debts and surviving.

In these times, the extra volume from marginal customers may represent the difference between a profit and loss for the manufacturer.

Frankly, a seller does not need a credit manager to tell him that ace-high customers are good. That is self-evident.

The area for careful professional analysis is among doubtful cases.

Sometimes more capital is needed; sometimes inventories are excessive, and turnovers too slow. The credit manager is expected to be the business doctor, and to help sick potential customers to get well.

WORKSHOP GREETINGS. At the third in the series of management study gatherings conducted by the Credit Research Foundation, National Association of Credit Men, this one at Moraine-on-the-Lake, Highland Park, Ill.; Henry H. Heimann (left), N.A.C.M. executive vice president, and Walter J. Gielen, general credit manager, The Hilton Hotels Corporation, Chicago, a director of N.A.C.M. and past president of the Chicago Association of Credit Men. (More pictures on page 37.)

To the degree that this is feasible, it is not only good business but also humane. For while competition is a process of selection and rejection, it's not very constructive to stand on the sidelines and observe avoidable failures.

Some Can't Be Helped

Obviously, there are situations which cannot be helped by analysis and prescription of economic therapeutics.

Sometimes these cases beyond remedy involve moral delinquency or complete unfitness.

Mr. Heimann observed that occasionally a small or moderate-sized businessman suffers from excessive civic-mindedness, which entails giving more time to outside activities than he can spare. It's important for the businessman to know that he can satisfy his longing for social usefulness by making good merchandise at a low cost, and by treating his employees, customers and associates fairly.

The yardstick for a credit manager should be the effect of his policies and activities on the net profit position of his company.

This is different from the archaic rule of keeping losses to a low figure.

Management will knowingly accept risks in borderline accounts if the overall effect is a sufficient increment to volume to improve the net profit position.

Self-Help, Not Handouts, Spur Business Activity: Heimann

While the government can do much to hold off a readjustment and, especially, to adopt a sound program for dealing effectively with it, "it is a mistake to assume that in a free country the government can prevent an occasional slight adversity," Henry H. Heimann, executive vice president of the National Association of Credit Men, told personnel of the Tyler Refrigeration Corporation at their international meeting in South Bend. Reliance on government help may lead to disappointment, he warned, "but the business management that helps itself meet the test of the competitive era is going to fare well in 1954."

Of first importance this year, he counseled the representatives of the Niles, Mich. company, are "maintenance of a strong sales force, cultivation of the best possible relationship with labor, constant product improvement, intelligent advertising, and use of the credit department as a means to expand sales."

CONSUMER CREDIT

(Concluded from page 17)

the economy to live off its fat for an extended period, for both business and consumers to avoid replacing durable goods.

When postponement of purchases occurs, the continued repayment of debt brings a decline in outstanding volume of credit and money.

Some instability may be part of the price of a high-level economy. The alternative is a lowered level of industrial production, more unemployment, and a lower-than-necessary standard of living.

It is essential that mass demand be sustained and progressively expanded, possible only if the average family can continue sound use of consumer credit.

Depositors Turn Over Savings Every Other Year in Midwest

Midwest depositors turn over their savings at commercial banks on the average of once every two years, according to the Federal Reserve Bank of Chicago. Checking accounts, on the other hand, are turned over 40 times faster or every 18 days. In a recent study of time deposits in 187 Seventh District banks, the Reserve bank found that the bigger the savings deposit, the slower the turnover. Location or size of city in which reporting banks are located or size of the reporting bank itself had little influence on turnover rate. As savings turnover rates mount, so do the costs of bank operations.

Seasonal changes were about the same in all banks surveyed. Highest peaks of activity occurred in January and July, the two months following the most widely observed interest payment dates.

Campbell Dies; Louisville Past President, National Director

Stuart C. Campbell, Sr., president, Campbell & Summerhayes, Inc., Louisville, Ky., and a leader in business, civic and church affairs, died at Del Ray, Florida.

Mr. Campbell was president of the Louisville Credit Men's Association in 1942-43. He served on many committees of the association and at the time of his death was a member of its board. He was a director of the National Association of Credit Men from 1942 to 1946 and was president of the Louisville Board of Education.

Point Safeguards Against Business Failures

DISCUSSING METHODS of avoiding business failures, in a panel presentation at the one-day credit conference in Philadelphia, participated in by The Credit Men's Association of Eastern Pennsylvania, the Certified Public Accountants of Eastern Pennsylvania, and the Robert Morris Associates, Philadelphia Chapter, were the following (left to right): Harry J. Ukloss, Jr., The Electric Storage Battery Co., and instructor of credit classes at Temple University sponsored by the Association; William Stockton, general credit manager, The Atlantic Refining Company and past president, The Credit Men's Association of Eastern Pennsylvania; P. Edward Schenck, credit manager, Eastern Division, Container Corp. of America, and vice-president, The Credit Men's Association of Eastern Pennsylvania; H. A. Pope, assistant treasurer, National Union Radio Corp., and general chairman of the Credit Committee of the Eastern & Western Division of the Radio Electronics and Television Manufacturers Association; F. Scott Wolfe, regional reporting manager, Dun & Bradstreet, Inc.

By **ROBERT L. ROPER**

MANAGEMENT at its best is the need in this day of growing competition, says William Stockton, general credit manager of Atlantic Refining Company, "when you consider that business failures rose 41 per cent in the past year and there has been no sign of a letup in this trend."

Moderator of the panel discussion on "How to Avoid Failures," Mr. Stockton was addressing the joint Credit Conference in Philadelphia of The Credit Men's Association of Eastern Pennsylvania, The Certified Public Accountants of Eastern Pennsylvania, and Robert Morris Associates, Philadelphia Chapter. (Other highlight thoughts brought out at the conference were reported in the March issue.—Ed.)

To emphasize the growing number of marginal accounts, Mr. Stockton asked, "How many of those assembled experienced larger bad debt losses in '53 than in '52?" A burst of upped hands indicated that four out of five had experienced larger losses from bad debts last year than the previous year.

"How many had a bigger percentage of delinquent accounts?" There were approximately three of larger proportion of delinquent accounts to each one thus reporting a smaller percentage. Half of those assembled had tightened their credit policy in the last six months of 1953, but most did not expect any intensifying of such an operational program in 1954.

Participants in the panel included H. A. Pope, assistant treasurer, National Union Radio Corporation; F. Scott Wolfe, regional reporting manager, Dun & Bradstreet, Inc.; Harry J. Ukloss, Jr., Electric Storage Battery Company, credit instructor at Temple University; and P. Edward Schenk, credit manager of the Eastern Division of the Container Corporation of America.

"The more information we have, the less chance of our becoming involved in customers' failures," declared Mr. Pope, starting the panel discussion rolling. He underscored the vital importance of keeping up-to-date files, using Credit Interchange Bureaus, and—for background information—salesmen. He also emphasized the need to compare the most recent financial statements and credit reports with those of former years and with those of other businesses in the same trade group or industry.

While seconding this idea, the next speaker, Mr. Wolfe, pointed out that such comparisons would show only if there has been improvement. "What about the future?" he asked. "For this the credit man should look into management plans. If management has no plans, a marginal account is bad. If it has plans, then perhaps credit can safely be extended."

The need today of a strict observance of the conditions of the credit grant was cited by Mr. Ukloss. Add this warning against laxness in following through on slow-pay accounts: "All too often customers are apt to take advantage of such leniency. The value of a rigid collections policy is that a past-due invoice is often the first sign of trouble ahead. A lax policy which permits indifference to your terms on the part of your customers robs you of this early alert."

The personal visit, said Mr. Schenk, speaking from his company's operations, is one of the best ways to appraise customers, after all reports and financial statements have been exhausted. By noting such points as office appearance, and

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The reason worry kills more people than work is that more people worry than work.

—Anonymous

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the attitude and experience of management reflected by the conversation, the credit executive will be able to see much that otherwise would not be evident. "Does he boast of beating Uncle Sam on contract or in tax revenue? Then look out!"

Quandary on Marginal Accounts

The question and answer period following the panel brought up the query: What is a marginal account? The assembled specialists could not reach a definition, but all agreed that the phrase cannot be pinned down to a single definition for all cases. Subsequently, in an editorial in The Lens, publication of the Eastern Pennsylvania Association, Secretary-Manager Stanley Thomas came up with the following definition: "Any account is marginal if bills are not paid promptly . . . Some accounts are marginal even when bills are paid promptly if the item of borrowed money is excessive . . . A slightly sub-normal condition in any one of the numerous ratios figured in analyzing a financial statement means a marginal risk.

"Losing money in recent years, unfavorable change in management, exceptionally keen competition of large corporations, a new and better substitute product appearing on the market, a change in the character of a neighborhood in the case of a retail store—all can place an account in the marginal classification notwithstanding that payments are still being made promptly."

The credit men at the session were as one, however, in saying they'd better start looking for other jobs if the marginal account ever is eliminated. Or as Mr. Thomas would say: "Thar's gold in them thar marginal hills!"

1953 Fire Losses At a Record High

Fire losses in 1953 were the highest on record, for the third consecutive year, says Lewis A. Vincent, general manager of the National Board of Fire Underwriters. Fire damaged or destroyed an estimated \$903,400,000 worth of property in the United States last year. This is 15.1 per cent higher than the \$784,953,000 of 1952.

The losses, Mr. Vincent said, reflect to a large degree the nation's expanding economy, particularly those fire-exposed insurable values that have increased proportionately, and include the result of the fire at the Livonia plant of the General Motors Corporation.

WHAT ABOUT TEN YEARS HENCE

Planning for Decade Ahead Helps Stabilize Business by Starting the Job Now

WHEN we read of companies which are following practicable 10-year working programs, built upon painstaking forecasts of economic and sociological changes, somehow the prognosticating for the next 12 months seems short-termed indeed—and the air has been clogged with the latter. It becomes almost like a horserace commentator's droning, "Now business is at the quarter—at the half—now the three-quarters—and here we are in the stretch!"

Not by one-tenth of any means! For the long-term forecast has two basic benefits: (1) The coming year figures only partly into the larger plan, and (2) something is being done *now* to prepare for the long stretch, even to place parts of the program in operation in echelon. This in itself is a stabilizing influence, even if subject to variation with the shifting economic clime.

Hence the importance of the following observations by executives whose job is to think long-distance thoughts, in businesses which must be fashioning their todays to the needs of a decade of tomorrows. Planning for ten years hence was the theme expounded in panel discussion before members of the Cleveland Association of Credit Men by an area development manager, a market and economic analyst, and a financial vice president, with a bank's vice president as moderator. Programs of finance, sales and personnel are emphasized.

Utilities Dig the Future Before Building Plants

PLANNING ahead is a cold necessity for a public utility when at least three years are required to build a new power plant, and it is essential to know not only how big the loads may be but where they will be, says Richard L. DeChant, manager of the area development department of The Illuminating Company of Cleveland.

R. L. DeCHANT

And what then? "In the next 10 years our company will sell 10 million more kilowatthours than were sold in the past 60 years of its existence."

Two methods of forecasting—five and ten years—are employed.

The Five-Year Estimate, revised annually or more frequently, is a forecast of sales and production based on trends and economic assumptions, taking into account the factors of world affairs, defense plans, the industrial labor picture, the Federal Reserve Board's Index, nationwide housing starts, relative use of electricity per capita, trends in the cost of fuel, rate status compared to cost of production, and the company's capacity setup. This forecast is used for immediate budgeting, planning and financing.

Of the company's longer-range forecast, called the Ten-Year Plan, Mr. DeChant observes, "We believe that a sound way to develop the amount and location of the probable 10-year growth of our company is to analyze the various components involved—the residential, commercial and industrial potentialities of our business." Then he proceeds to analyze the components.

"During the 10 years ended a year ago our cumulative gain residentially was 7.2 per cent per year. Projecting this 7.2 per cent, we shall double our residential energy use in 10 years. However, the total residential growth is a combination in the gain of average residential use multiplied by the gain in new customers. As a result, therefore, our total residential use at the end of the 10 years will be $2\frac{1}{3}$ times as large as it is today.

"We feel that general commercial activities, such as shopping centers and other small commercial establishments, will follow by one to three years the development of new residential activities.

"Commercial growth is forecast at the rate of 1100 new units per year. The average load of these new commercial establishments will be double the former rate because of increased refrigeration and air conditioning.

"Of greater importance is our firm belief that there will be a resurgence of new office buildings, modernization and renovation in the downtown Cleveland area.

BANKER MODERATOR

OWEN L. CARLTON, moderator of the panel on the long-term forecast, is vice president of the Central National Bank of Cleveland, which he joined in 1916. Followed successive duties in the departments of personal trust, savings, commercial and business development. Since 1929 he has had charge of the foreign division. In late 1947 he made an 18,000-mile trip through South America; in 1951 he visited 11 western European countries in 11 weeks. He was a field artilleryman in World War I.

O. L. CARLTON

Mr. Carlton is a past president of the Bankers Association for Foreign Trade and the Cleveland World Trade Association, member of the American Arbitration Association, Cleveland Association of Credit Men, National Foreign Trade Council, and Cleveland Chamber of Commerce.

G. E. and Westinghouse Plans

Contact with the managements of those industries felt to be most growth-minded brought these comments on the area plans of General Electric and Westinghouse:

"General Electric has set for itself a goal of $4 billions in sales by 1961. Its sales in 1951 were $2.3 billions, of which consumer goods accounted for $690 millions. G.E. expects to sell $1.6 billions in consumer goods in 1961, a 130 per cent increase over 1951.

"The Westinghouse forecast is only slightly more conservative than G. E.'s. Westinghouse expects the national average energy use to increase from 2,000 kilowatthours in 1951 to 3,000 kilowatthours in 1960, a rise of 50 per cent. However, Westinghouse expects to increase its

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LEADERS BANK ON HUGE GAINS

Long-View Financial Program is Needed, Also Vision on Personnel and Sales

Equity Capital Sources Subject for Study Now

WITH the reminder that "what we anticipate seldom happens, and what we least expect generally occurs," Vice President Alfred E. Wolf of The Standard Oil Company (Ohio) declares "it is not too early now to be thinking of where our equity capital will come from, five to ten years from now."

A. E. WOLF

Many studies of the 1950 Census and indicated trends in U.S. population have failed to consider the impact of important changes in age groups, Mr. Wolf also cautions.

By 1960, he says, using the Census Bureau's high projection, there will have been an increase to 8.8 individuals under 20 or over 65 years old compared with each 10 within that age range, as against 7 individuals per 10 in 1940. "When we consider the 20 to 64 age brackets as the producing segment, then it is obvious their productive capacity must increase rather substantially by 1960 if the overall standard of living is not to suffer. The non-producing consumers have an accelerating influence on the production rate."

As for the Bureau's projections of the labor force, "it appears to me that they give a definite implication of a substantial increase in consumption during the remainder of the present decade."

Mr. Wolf sees no likelihood of shortage of consumer purchasing power in the years immediately ahead but rather a probably larger increase in consumer demands. "At the same time we will have a productive working force growing at a slower rate. This can only mean that productivity per worker must increase if our standard of living is to be maintained or improved." This "will be accomplished in the large part through substantial capital investments in new productive facilities—in part new expansion, in part replacement of out-moded facilities. An estimate two or three years ago of $200 billions capital expenditures in the decade he considers probably low.

But whence the funds, "since internally generated funds are unlikely to be adequate despite depreciation provisions"?

"We are accumulating very substantial savings in our accounts," the executive observes. "The life insurance companies are adding close to $5 billions each year to their assets. Other important accumulations are in private pension funds which are not insured, adding about $1¼ billions a year, mutual savings banks almost $2 billions, and savings and loan associations about $3½ billions. These are substantial sums of savings which will be seeking investment or profitable employment in new productive enterprise. However, they are all institutional in nature.

Purchasing Power Not a Factor

"The obligations of these institutions are payable in dollars without consideration for the purchasing power of those dollars. Therefore, security of principal becomes a primary requisite of their investments, and appreciation in value

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ENLIGHTENING

In 1962 the amount of electricity used to light offices, factories, stores, homes and elsewhere will equal the entire electric power consumption of the United States for all purposes in 1943, a war year, says William H. Robinson, Jr., advertising manager of General Electric's Lamp Division.

Commercial lighting consumption has more than doubled in the last decade and will repeat the doubling by 1962, Mr. Robinson told the annual conference of the International Association of Electrical Leagues. Industrial lighting, he added, reached an all-time record, but will double that figure in the next ten years.

Steady Growth Pattern Could Improve Stability

BESIDES the internal company benefits of long-range programming, there is the contribution it can make toward national economic stability, in the opinion of William P. Carlin, economist for the commercial research division of the Republic Steel Corporation, Cleveland.

W. P. CARLIN

"A steady growth pattern," he explains, "rather than one with sharp breaks and rises, would certainly be favorable to our primary goal of insuring improvement in the profit position of the company. I am not suggesting that long-term planning of capital expenditures will be a cure-all for our economic system, but it is one factor which might result in increased stability."

For the company itself—and for a large concern "with heavy stakes in plant and equipment to fail to correctly discern the long-term trends bearing directly upon it would be disastrous"—the basic objective of improving profit position calls for a financial plan, personnel and sales programing.

"Such a company must be concerned with several areas of operations. These may involve different functions, but demand similar treatment. Included is a financial plan providing for debt repayment, refinancing and additional borrowing as well as replacement, modernization, and improvement of facilities. These must be continuous and forward-looking. Two other areas which deserve the same sort of planning are personnel and sales.

"Any company which intends to stay in business must also concern itself with a personnel policy which reaches far into the future.

"Most of us know of companies that neglected building a sales force for the future during postwar boom. The results of this failure will be

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Exporters Indorse Credit Insurance If They Can Select Accounts for It

Forty-nine per cent of exporters participating in a survey unqualifiedly favor Government export credit insurance but 60 per cent are for it if they could exercise selectivity in the accounts to be insured. These votes highlight results of a survey conducted by the Foreign Credit Interchange Bureau on the dual subjects of Government export credit insurance and Government foreign exchange transfer insurance.

As for Government exchange transfer insurance, the sentiment is preponderantly favorable—82 per cent. There were 49 per cent who reported they lost orders to exporters in other countries where such transfer insurance is in effect, because of terms.

The questionnaire, distributed to 8,000 member export firms through the Foreign Credit Interchange Bureau and sister organizations from coast to coast, brought 612 replies. A tabulation of the results compared with a similar survey made in 1944, is given in the accompanying table.

Reaction to Government as the insuring agency was very positive. Some 100 exporters expressed dissatisfaction with the restriction of the survey to Government insurance, and requested that the entire question of export credit and transfer risk insurance be surveyed again, with full consideration to both commercial and Governmental insurance. Thirty advocated that the Government refrain from further "intrusion" upon business and urged vigorous opposition to any form of Government credit and transfer risk insurance; 62 recommended that the Government provide transfer risk insurance but have no part in export credit insurance. Ninety-two recommended that business look to commercial insurance companies for export credit insurance, with transfer insurance to be supplied either by Government or a combination of Governmental and private organizations. Five proposed that both credit and transfer insurance be provided only by banks or insurance companies, with perhaps some form of reinsurance by the Government to cover only the exchange transfer risk.

The committee which prepared the questionnaire included C. R. Rohrberg, Guaranty Trust Company of New York, chairman; Walter Child, Stafford-Miller, Inc.; Walter Diamond, McGraw-Hill International Corporation; R. H. Melone, The Electric Auto-Lite Company; and Fred R. Pinter, Overseas Export Corporation. The F.C.I.B. plans to conduct another survey soon, in compliance with the requests.

HOW THEY VOTED ON FOREIGN INSURANCE PROBLEMS

Government Export Credit Insurance	*1954* Yes %	*1954* No %	*1944* Yes %	*1944* No %
Are you in favor of such insurance?	49	51	60	40
Assuming that you had to insure all your accounts where credit is extended, would you use such insurance?	35	65	13	87
Assuming that you could select the accounts to be insured, would you use such insurance?	60	40	70	30

Government Foreign Exchange Transfer Insurance	*1954* Yes	*1954* No	*1944* Yes	*1944* No
Are you in favor of such insurance?	82	18	68	32
Assuming you had to insure sales to all countries where payment is not received prior to shipment would you use such insurance?	59	41	24	76
Assuming you could select countries, would you use such insurance?	89	11	89	11
Have you lost orders to exporters in other countries where such transfer insurance is in effect, because of terms?	49	51	not asked	

American Optical's G. E. Baskie Dies; Began as an Accountant

Vice president in charge of finances and treasurer of the American Optical Company, Southbridge, Mass., George E. Baskie died at 62 after a three-month illness. In his youth he was a chartered accountant in Western Canada, and, prior to joining American Optical in 1923, was a public accountant with Scovell Wellington & Company in Boston and New York. At American Optical he was named controller in 1937, treasurer in 1948 and vice president last year.

Mr. Baskie, born in Pittsburgh, was a member of the National Association of Credit Men, and National Association of Cost Accountants, and had headed the Boston group of the Controllers Institute of America.

Martin W. Henley

Martin W. Henley, retired vice president of Frazer & Jones Company, Solvay, New York, and a past president of the Syracuse Association of Credit Men (1911), died after a brief illness. Mr. Henley had been with the Frazer Jones company for 50 years until his retirement in 1951. He also was associated with the Eastern Malleable Iron Company. He had been a president of the Manufacturers Association and the Syracuse Foundrymen's Association.

Frances H. Cone

Miss Frances H. Cone, credit manager of MacFadden Publications, Inc., New York, until her retirement three years ago, died at the age of 54. Miss Cone started in the accounting department in 1918 and became credit manager eleven years later. She was a member of the board of directors of the New York Credit Women's Association.

A. P. Tessier

Albert Peter Tessier, treasurer and a director of Terry & Tench, builders of the Bear Mountain Bridge, died at his home in New Canaan, Conn. He was 63 years of age. A native of Trois Rivieres, Quebec, Mr. Tessier entered the employ of Terry & Tench in Canada, following attendance at McGill University, and was sent to New York by the company. Mr. Tessier also was a director of the John R. Tench Company, the Thirty-first Madison Corporation, and the Roseaire Company. During World War I he was treasurer and a director of the former Edward F. Terry Company, Philadelphia, submarine builders. He was a member of the National Association of Credit Men, the Engineers Club and the Canadian Club.

John J. Hart

John J. Hart, secretary of the compensation and liability department of The Travelers Insurance Company and an authority in the field of automobile insurance, died at 58 in Hartford, Conn. Mr. Hart also was assistant secretary of The Travelers Indemnity Company and The Travelers Fire and The Charter Oak Fire Insurance Companies. He began his career with The Travelers in 1912 as a messenger and had completed just a few days less than 42 years of service with the company.

Utilities Construction Programed Far Ahead

(Concluded from page 22)

consumer appliances from $263 millions in 1952 to $595 millions in 1962, for a gain of 127 per cent."

Considering the chemical industry the fastest growing in the country, Illuminating's plans were discussed with two of the larger companies.

"Number one company reported sales of $1.5 billions per year; by 1962 it expects $4 billions a year. It expects to increase its plant capacity by a compound average of 8 to 9 per cent per year, and to increase employment from 50,000 now to 100,000 ten years hence.

"Company number two now has sales of $1 billion a year; by 1962 expects $3 billions a year. It expects to grow at a 10½-per-cent compound rate during the next 10 years. By 1962 its contemplated construction schedule will be $300 millions annually."

8 Per Cent Compounded Annually

The Chemical Bank and Trust Company of New York City confirmed the study with a forecast that the 10-year rate of growth for chemicals would reach 8 per cent compounded annually, significant because this industry is important in the industrial picture, and chemical expansion will require more steel expansion, Mr. DeChant added.

"In putting all of these parts together, we discover that in 10 years we will be a company of 2 million kilowatts, confirming my initial statement."

In the continuing effort to make the company's forecasting methods completely adequate, two innovations are a change to the depth-interview type of market research and a study of the effectiveness of its advertising in all media used.

"The added responsibility which our company must shoulder as a result of its new knowledge is the development of high-caliber management people to handle the expanded business.

"We have what is known as an Advanced Education Program for young managerial talent. There is also a Progressive Management Program, to bring in specialists to discuss with our future executives the problems with which they will be faced." In addition, many of the company's executives are sent to business and management schools.

Long Range Is Needed In Trend Study: Carlin

(Concluded from page 23)

felt eventually and will probably be quite painful."

A Brookings Institute study of the top 100 companies, 1909-1929, showed more than half of the companies had been pushed out by newcomers. "This same changing continues today, and is certainly not confined to the top 100 companies."

Analysis of trends should be based on a long period of experience, the economist advises in outlining the methods of long-time forecasting. While it is impossible to foresee business ups and downs of 10 years to come, a prediction for perhaps a year can be made by investigating the short-term factors, including supply-demand balance, new orders, monetary conditions and others.

To pinpoint a year in the next decade we "must rely on the average of a range of years extending on either side" of that year.

"Once mathematical trends have been related to the individual company and its products, we must modify them in the light of relatively unmeasurable trends in the national philosophy. This is made up of such factors as inflationary or deflationary bias, attitude of Government, changes in consumer habits both at work and play, and labor's anticipated productivity as well as its type of leadership.

"It is also essential that we note technological change, examining the effects of new products and processes introduced into fields relating to our own industry, company, and products. We will continue to find new forms of competition arising both from new products and changes in trends of older products."

Mr. Carlin therefore looks ahead to 1960-1966, the period within which the first year of a new decade falls.

"While one of the most important factors in our growth is population, it is the household which is the primary consuming unit for many types of goods. We reached the peak of household formation in 1948, when we were adding about 1½ million new households a year. Now we are entering a period in which this figure may fall as low as 600,000 a year. This should not discourage us, however, since there will be a 40 per cent increase in the age group 10 to 19 years by 1960, compared with a 14 per cent rise in total population. As these teen-agers come to a marriageable age, we will again have a boom in the number of households being formed.

"In terms of our total national output of goods and services, the gross national product should increase close to 20 per cent by the early 1960's. This does not mean an increase of 20 per cent over present levels, since we are currently operating somewhat above the long-term trend, but it does mean that we will need more goods to supply more people. In the individual company profit scheme, we had better be alert to changes in consuming habits."

The steel industry, Mr. Carlin believes, could have underway a new era of capacity expansion in the early 1960's, and, affecting other heavy industries as well, "we will undoubtedly find that technological advances will have brought about changes necessitating replacement of much equipment which today is still being used economically. I am anticipating considerable expansion and improvement of capital facilities."

A slight degree of inflation is possible for the long term, he says.

While progress may be somewhat irregular in the 1960-1966 period, the economist sums up, business can expect to reach higher levels than ever before.

An old-timer is one who remembers when a man did his own withholding from his take-home pay. **—Anonymous**

CONFERRING at a meeting of the Rochester Association of Credit Men: (l to r) Carl Hallauer, executive vice president, Bausch & Lomb Optical Company; Henry H. Heimann, executive vice president of the National Association of Credit Men, guest speaker; and Luke T. Smith, vice president, Lincoln-Rochester Trust company, president of the Rochester organization.

Heed Small Investor's Needs, Advises Wolf

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with changes in the value of the dollar is not a factor of prime importance. This simply means that most of the funds accumulating in this fashion will be readily available for senior security investment, but no large part of them can be expected to flow into the equity markets.

"An expansion of senior securities outstanding must rest on a firm equity basis. It will be important and essential that some of the savings in the economy be directed to equity investment, and for the most part this means the savings accumulated directly by individuals. Some of them will find their way into equity investment through the medium of mutual investment funds which continue to grow at a substantial rate. However, a large portion must also find their way into equity investment through the direct purchase of corporate equities.

"This last point ties in well with the educational programs being undertaken by many corporations and financial institutions, but it will take more than an educational program to convince the average individual that equity securities represent an attractive investment for his hard-earned savings after taxes. The interest and attention given by corporate management to the needs of the small investor will be an important factor in winning his confidence.

"Dividend policies, reporting practices, and all aspects of stockholder relations are of primary importance."

Distribution Success Is a First Job, Moran Tells Atlanta Clinic

Pointing out that under increasing competition "anyone from top management to delivery truck operator who is not contributing to successful distribution is traveling a blind alley," Edwin B. Moran, secretary of the National Association of Credit Men, told a one-day credit clinic in Atlanta that the businessman of today should be willing to work harder, plan better, and intensify his advertising and selling programs.

Mr. Moran said it was his "firm conviction that 1954 will average about as well as 1953, recognizing some nominal downward adjustments."

In a parallel forecast, Dr. William A. Irwin, formerly economist of the American Bankers Association, New York, said at the luncheon session that safeguards already set up and preparations for further expansion give little room for a pessimistic viewpoint.

Dr. Irwin referred to these protective factors in today's business: (1) Responsibility assumed by federal and even local governments to avert mass unemployment; (2) continuing high volume of spending by the government, especially in defense; (3) the "astronomical" volume of savings; (4) large accumulated earnings of business corporations; (5) sound position of financial institutions, and (6) his certainty that there could be no "orgy of speculation" such as in the period preceding the drop of business in 1929-30.

The Fifth Annual Georgia Credit Clinic, conducted by the School of Business Administration of the Atlanta Division, University of Georgia, was co-sponsored by the Georgia Association of Credit Management Inc., Atlanta Retail Credit Association and Georgia Bankers Association, Group Five.

Tool Trade Booklet Lists Proposals for Tax Revision

Recommendations for tax revision made by the National Machine Tool Builders Association, Cleveland, with the cooperation of the American Machine Tool Distributors Association, to the House ways and means committee, are summarized in a 26-page booklet, "Proposals for Tax Revision." The major proposals discussed are: alleviation of double taxation of dividends, optional depreciation, research and development expenditures, and surtax on improperly accumulated surplus. An appendix lists 23 miscellaneous proposals for tax revision.

UP THE EXECUTIVE LADDER

ROBERT D. ROBERTS has been named general credit manager, Union Oil Company of California. Herbert E. Cook is now credit manager (wholesale) and Fred R. Bremer credit manager (retail).

Mr. Roberts started with Union Oil Company 37 years ago. All his experience has been in the field of credit sales. His area of operations covered California, Arizona and Nevada, and his headquarters shifted variously from San Jose to Oakland, San Francisco, and Los Angeles, where he has been since 1940. He studied at the Ripley School for Boys, Lancaster, England; emigrated to this country in 1910, and pursued special studies in accounting, credit, commercial law and business administration.

He served several terms as chair-

R. D. ROBERTS

O. W. HARIGEL

man of the Petroleum Group of Credit Managers in Oakland, San Francisco, and Los Angeles; in 1950-51 he was president of the Credit Managers Association of Southern California, as well as president of the Los Angeles Retail Credit Associates. Also in that period he was president of district 11, National Retail Credit Association, and is now its national director. In 1952-3 he was president of the National Institute of Credit, Los Angeles Chapter. He attended the first year of the N.A.C.M. Graduate School of Credit and Financial Management (Stanford) and for several years has taught a credit and collection course at the University of California, L.A., extension division.

O. W. HARIGEL has advanced to vice president, from assistant vice president, of the Houston National Bank, Houston. He joined Houston National in 1933 and became successively manager of the credit department 1946, assistant cashier 1948, and assistant vice president 1951. He is a past president of the Houston

J. E. HAMPEL

L. C. STORM

E. B. BROOKS

A. W. GEIER

Association of Credit Men, a member of Robert Morris Associates and the Retail Credit Executives of Texas. A graduate of the American Institute of Banking, he has served as an instructor at the University of Houston.

JOHN E. HAMPEL has advanced to controller of The Mosler Safe Company, Hamilton, Ohio, from chief accountant, position he had held since joining the company in 1952. He attended Chase College, school of commerce and school of law, and the University of Cincinnati, and holds the degree of bachelor of science. He is a member of the board of regents, Chase College (Cincinnati), and has been on the faculty. He is chairman of the Maderia public schools' planning commission, a director and member of Cincinnati chapter, National Association of Cost Accountants, and a member of the Tax Executives Institute.

EVERETT B. BROOKS has advanced to vice president of Adams Supply Company, Atlanta. He previously was controller. Mr. Brooks is a certified public accountant, a member of the Georgia bar, and an alumnus of the N.A.C.M. Graduate School of Credit and Financial Management (Dartmouth 1952).

Following service as a captain in the infantry, U.S. Army, in World War II, he was instructor in public accountancy at Emory University, and the University of Georgia, Atlanta division. Before joining Adams Supply Company in 1949 he was staff accountant with Mount & Carter, certified public accountants. He is chairman of public relations, Atlanta chapter, C.P.A.'s, a member of the National Association of Cost Accountants and the Atlanta Civitan Club. A native of Newport, R.I., he now resides in Decatur, Ga.

LESLIE C. STORM has been named assistant treasurer, Armour & Company, Chicago, to succeed the late Arthur L. Jones, and will also serve as general credit manager. His entire business career has been with the one organization and in the field of credit. He began as an office boy 37 years ago and after positions in district and administrative offices, became assistant general credit manager in 1951.

A. C. NIELSEN

W. N. HARTMAN, JR.

A. C. NIELSEN, appointed general credit manager, The Creamery Package Manufacturing Co., Chicago, had joined the company in 1949, following 10 years' credit experience in the oil and rubber industries. He has an LL.B. degree from De Paul University, and was admitted to the Illinois bar in 1939. He had military service in Europe from 1943 to 1945.

A. W. GEIER, promoted from assistant general credit manager to assistant treasurer of American Can Company, New York, started with the company 40 years ago as office boy in the credit department. His entire experience has been in the credit division, with progressive advances to his present appointment in charge of the company's overall credit operations. He succeeds J. E. Sarver, retired.

WARDEN N. HARTMAN, JR., has been named general credit manager of Armstrong Cork Company, Lancaster, Pa. He succeeds M. W. Cuskey, who has retired after 38 years' service with the company.

Mr. Hartman, 37, had entered the

E. L. SAXE

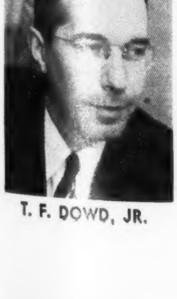
G. L. WILLIAMS

Armstrong organization as a sales trainee in the building materials division in 1939, shortly after he received his master's degree in economics from Massachusetts Institute of Technology.

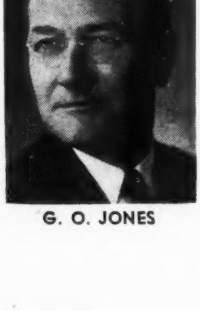
George L. Williams has been appointed treasurer of Metals & Controls Corporation, Attleboro, Mass., succeeding the late Clarence Stone. In Zanesville, Ohio, Mr. Williams had been treasurer, controller and president of Shawnee Pottery Company. Earlier he was with General Electric Company as an accountant and with the United States Steel Corporation in the accounting, organization planning, personnel planning, and procedures design departments.

George O. Jones, associated with Callaway Mills Company's credit department since 1927, has been appointed assistant treasurer and credit manager. He succeeds Ely R. Callaway, who retired after 34 years' service with the La Grange, Ga., organization. Mr. Jones studied at Draughon's Business College and Georgia Institute of Technology evening school of commerce, supplementing this training with university home study courses. He was made assistant credit manager of Callaway Mills in 1932 and an assistant vice president in 1943. Five years later he became assistant vice president and credit manager.

Mr. Jones served as chairman of the Textile Credit Group, N.A.C.M. (1950) and is a member and director of the Georgia Association of Credit Management. His predecessor, Mr. Callaway, headed the textile industry Committee of the National Association of Credit Men in 1941.



T. F. DOWD, JR.



G. O. JONES

Edward L. Saxe, formerly controller of CBS, Inc., has been appointed vice president and assistant to the president of CBS Television, New York City. His responsibilities will be primarily in financial control areas. Mr. Saxe went to CBS in 1946 as assistant to the treasurer, and subsequently was executive assistant and assistant to the president. He is a graduate of Harvard College, where he majored in government and economics, and received the M.B.A. degree from Harvard School of Business Administration in 1939.

Thomas F. Dowd, Jr. has been appointed treasurer, The Vickers Petroleum Company, Inc., Wichita, assuming certain responsibilities formerly delegated to the combined office of secretary-treasurer. Mason C. Lyons, previously secretary-treasurer, becomes secretary of the company. A certified public accountant, Mr. Dowd attended Notre Dame University and is a graduate of New York University. Prior to entering the Vickers company, he was with Socony Vacuum Oil Company as assistant to the controller and before that was chief controller for the Continental Oil Company at Ponca City, Okla., and Houston, Texas.

CONGRATULATIONS—to Frank E. Douglas, promoted to assistant cashier of The Second National Bank of Boston and to Walter E. Robb III, who is now manager of the bank's credit department . . . Holly W. Sphar, vice president of Pocahontas Fuel Company, Inc., New York, N.Y., elected secretary to succeed L. B. Crawford, retired . . . Frank A. Mesta now executive vice president and treasurer, Mesta Machine Company, Pittsburgh . . . Robert W. Vogel, appointed controller of Champion Spark Plug Company, Toledo . . . Virgil E. Hellrung, named treasurer-controller, American Insulator Corporation, New Freedom, Pa.

Ralph L. Smith has retired from the Pyrene Manufacturing Company, Newark, N.J., after 30 years' service. Albert K. Stehlin, who has been with Pyrene since 1930, succeeds him as credit manager. Mr. Smith has been an active worker in credit affairs throughout his career. In the New Jersey Association of Credit Executives he has been a member of numerous committees and a trustee; councillor, member of the advisory board, and president of that association in 1931 and 1932. A testimonial dinner was tendered Mr. Smith by his co-workers at Pyrene on his retirement.

Guides to Improved Executive Operation

KEEPING INFORMED

An Insurance Man's Advice to Prospective Homeowners—Arthur N. Eagles, director of the training center of Hartford Fire Insurance Company, says, "This is an account of how I buy insurance for my own protection." The 24-page booklet, based on 20 years of experience in recommending insurance programs, covers personal liability, automobile liability, fire insurance, extended coverage and other forms of protection, with practical suggestions. Write the Advertising Department, Hartford Fire Insurance Co., Hartford 15, Conn., for your free copy.

A Company Guide to Effective Stockholder Relations — Edited by Marting, Childs and Cruthers. A 60-page guide to development of a well-balanced stockholder relations program, from the viewpoint of the investor-owned corporation. Special attention is given to the role of the security analyst and the implications of federal law, reports, bulletins and financial publicity. American Management Association, 330 West 42nd St., New York 36, N.Y. $1.50 to American Management members, $2 to non-members.

Life Insurance Fact Book, 1953— This reference volume, published annually, is intended to provide a handy source of factual and statistical information about the life insurance business as a whole. It provides statistics, in most instances through 1952, with very comprehensive charts on ownership, purchases, annuities, and pension plans, as well as a glossary of insurance terms. For more information write Institute of Life Insurance, 488 Madison Ave., New York 22, N.Y.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N.Y.

EFFICIENCY TIPS

360—Korda Industries in the folder, "By Unifying Your Office," presents a plan to utilize space, and increase office efficiency, with a saving of man hours through the use of Kordaroom installations. This contains case histories covering various types of business, telling how the space problem was solved.

▼

361—L. L. Brown Paper Company offers "How to Get Greater Service and Value from Your Records and Letters." A reliable guide for selecting the right papers for your needs, whether recording or correspondence.

▼

362—O.T.A. Business Machines will send the folder "Presenting Results," which carries a factual and concise description of the adding-figuring statistical machines and the models available.

▼

363—General Binding Corporation tells how to produce plastic-bound books in your own office or plant, using the company's plastic binding equipment. Photographs and complete description of various steps in the folder, "Do Plastic Binding Right In Your Own Office."

▼

364—Vocaline Corporation of America—A folder containing complete details of the company's portable plug-in intercommunication transmitting over standard lighting circuits. How to save steps and time economically.

▼

365—Visirecord, Inc.—Ask for the folder on how to reduce the cost and increase the efficiency of your cost record keeping through the use of VISIrecord. Covers the system and how it operates.

▼

366—American Automatic Typewriter Co.—The booklet tells of 160 different ways automatic typing can be profitably used by business and industry, in manufacturing, banking insurance and other fields. A compilation of the results of a recent survey.

BOOK REVIEWS

Successful Sales Management—By Harry Simmons. $5.65. Prentice-Hall, Inc., 70 Fifth Ave., New York 11.

✦ Here is a modern refresher for sales management executives, staff assistants, salesmen and college students in marketing and business administration. How to form a headquarters organization, build and keep sales morale, do market and consumer research, and make a good public speech, are among the many things covered. Illustrated with charts, diagrams, check lists and sales guides, the 23 chapters contain pre-tested methods for handling specific sales management functions. Included are ready-to-use systems and formulas developed by some of the country's leading companies.

Office Organization and Management—Third Edition. By H. L. Wylie and R. F. Brecht. $6.50. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y.

✦ An unusually clear, systematic study of all phases of modern office management. All types of office problems and procedures are covered, and the material is equally applicable to large and small offices in any branch of industry. In addition, there is up-to-date material on work simplification, job-evaluation, merit rating, work distribution and compact treatment of scores more current procedures and methods.

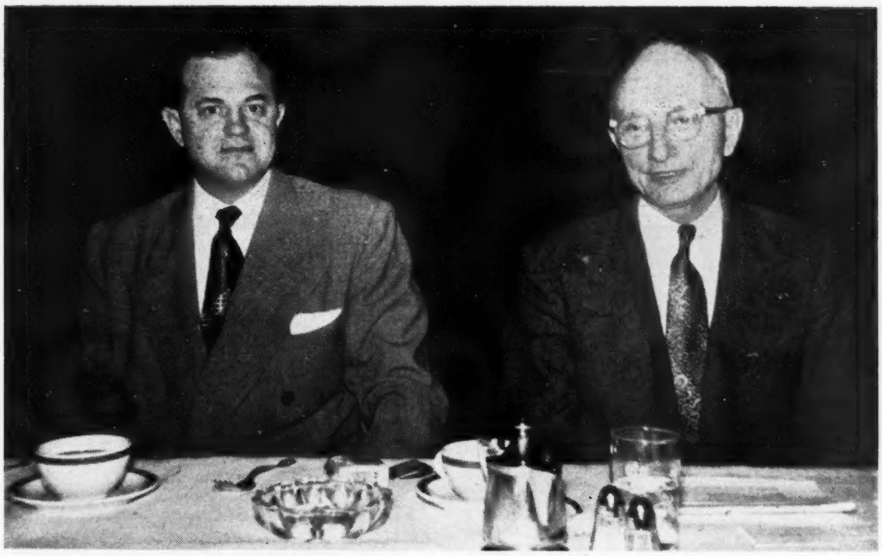
Long-Form Report Practice—162 pages; paperbound. $3.00. American Institute of Accountants, 270 Madison Avenue, New York 16, N.Y.

✦ An analysis of 52 representative long-form reports by the research department of the society, intended primarily for certified public accountants, to compare their reporting practice with the reports analyzed, but also considered of interest to bankers, investors, and principals of closely-held companies. Long-form type reports are generally confidential.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.

Doing a thing is very different from knowing how and why you do it. Only as we learn the reasons why, does real progress begin, and for these reasons we must look to science as developed by research.

—Dr. Arthur D. Little



BANK AND COMPANY CREDIT EXECUTIVES at St. Louis stress cooperation. At the joint dinner meeting of The St. Louis Association of Credit Men and the St. Louis chapter of The Robert Morris Associates: (left) Ralph Bertel, assistant vice president, American National Bank in St. Louis, president of The Robert Morris Associates, St. Louis Chapter, who presided, and William T. Sutter, regional treasury manager, Westinghouse Electric Corporation, president of the St. Louis Association of Credit Men.

St. Louis Bank and Companies' Credit Men Urge Cooperation

Personal acquaintance of bank and company credit executives is invaluable to both, speakers pointed out at a joint meeting of members of The Robert Morris Associates, St. Louis chapter, and the St. Louis Association of Credit Men. A panel of bank officers and credit executives highlighted the dinner meeting of the two organizations. Speakers, hewing to the topic, "How You Can Help Us," described ways in which they can be of mutual assistance.

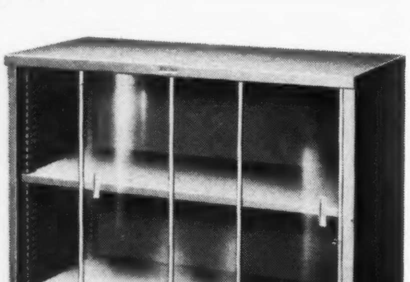
Arthur F. Boettcher, vice president, The Boatmen's National Bank in St. Louis, was moderator of the panel, which had as participants: (for the bankers) William J. Chapman, vice president, Mercantile Trust Company, and John Mitchell, executive vice president, Manufacturer's Bank & Trust Company; (for the credit managers) R. L. Buckley, credit manager, Pittsburgh Plate Glass Company; and S. M. Cole, division credit manager, Ralston-Purina Company, and vice president of the St. Louis Association of Credit Men. Presiding was Ralph Bertel, assistant vice president, American National Bank in St. Louis, and president of The Robert Morris Associates, St. Louis Chapter.

Modernizing for Office Efficiency

introducing new office equipment and systems to effect economies in labor and cost, as well as to speed production of essential office work

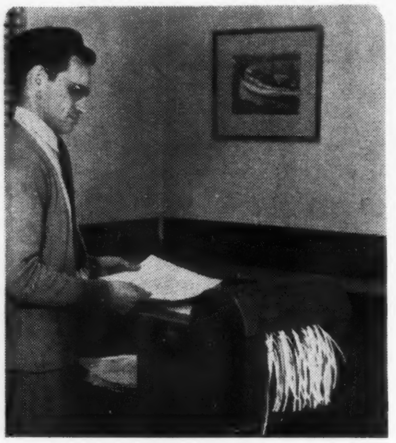
Cabinet and Phone Stand

A new "DESK-HI" steel cabinet has been added to the line of sliding door cabinets of the BORROUGHS MANUFACTURING Co., 3002 N. Burdick, Kalamazoo, Mich. Because of its height, this unit can be used as a combination cabinet and telephone stand, thereby meeting a definite need in many smaller offices. Its sliding, gliding doors, available in either glass or steel, save valuable space. The sliding shelf is adjustable without bolting. The "Desk-Hi" is 29" high and 38" wide, and is made in depths of 12" and 18". The manufacturer will be glad to send other information and prices.



Shreds Papers in a Hurry

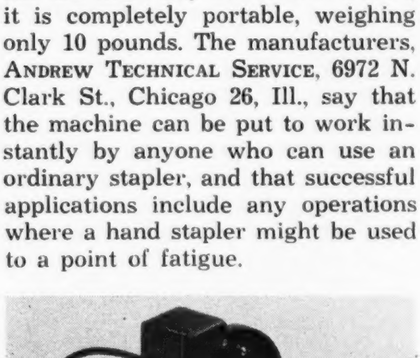
An easy way to handle old records and confidential papers is provided by the "SILVER EXECUTIVE" paper shredder, available from the INDUSTRIAL SHREDDER AND CUTTER COMPANY, 550 Mill St., Salem, Ohio. From 8 to 15 sheets of paper can be completely shredded into ¼" strips at the same time, and the shreds make excellent packing material. The machine is little larger than a typewriter, is 13" high, 15½" wide and 15½" long (23" with the folding table extended). It weighs 90 pounds and can be moved around or put out of sight when not in use. It is powered by a ⅓ H.P. motor, and can be plugged into any 50 or 60 cycle (AC) 110 volt outlet. The machine is well guarded to prevent accidents, requires little maintenance, and is said to be "fool proof" in that no practice is required to operate it. The usual straight pins and staples get shredded along with the paper, but paper clips should be re-



moved, though they do no damage. The throat is 10" wide and only the largest forms need folding. The manufacturer will be glad to send information on the free trial offer.

Converts Ordinary Stapler

By the use of a new machine, an ordinary desk-type stapler can be converted in minutes into a high-speed automatic stapler. The automatic machine operates the stapler as rapidly as the work can be fed, leaving both hands of the operator free to manipulate the work. Slight pressure of the paper against the switch arm actuates the mechanism, which also can be equipped with a foot pedal if the work demands that the material be positioned while the staple is being struck. Operating on 115 AC from any convenient outlet, it is completely portable, weighing only 10 pounds. The manufacturers, ANDREW TECHNICAL SERVICE, 6972 N. Clark St., Chicago 26, Ill., say that the machine can be put to work instantly by anyone who can use an ordinary stapler, and that successful applications include any operations where a hand stapler might be used to a point of fatigue.



New Features in Dictating

In announcing the new "77" VOICE-MASTER DISPATCHER, the manufacturers, MAGNETIC RECORDING INDUSTRIES, 30 Broad Street, New York 4, N.Y., say this new dictating machine is as simple to operate as a phonograph. Some of the new features include a self-tracking disc which automatically aligns the magnetic needle for uniform reproduction, and is erasable; split-second loading of discs; recording time of up to 10 minutes on each side of a disc, convertible for special applications to 15 minutes; full-view dictation; playback through built-in loudspeaker, confidential mike or receiver, with full range fidelity. Other features are automatic dictation volume; instant review backspacer and automatic correction. The machine is completely enclosed, needs no extra carrying case when being taken from place to place, and weighs only 12 pounds.

No Pre-Folding or Bending

Self-adhesive file folder labels which require no moistening and eliminate the usual operation of prefolding and bending the label over the file tab, are available through the AVERY ADHESIVE LABEL CORPORATION of Monrovia, Calif. Called the "Kum-Kleen," the labels are manufactured in sheet form for easy typing and are available in a variety of colors with a single color band across the top for quick visual identification. A smaller label than normal, ap-

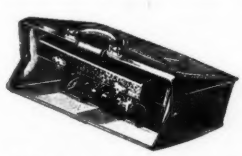
proximately ⅝″ by 3½″, can be used because it sticks firmly to the front of the folder tab, and it is said not to dry out, pop, curl or peel off the folders because of its high tack. The labels are quickly applied by rolling away the backing sheet and placing the label on the folder or any other surface to be labeled. It is claimed the label can be more easily removed than ordinary labels, and thus file folders can be re-used several times. The manufacturer will be glad to send samples of these file folder labels if you will write him, on your letterhead.

A Soundproof Microphone

The STENOMASK is a soundproof, mask-shaped microphone, made by TALK, INC., 261 Constitution Ave. N.W., Washington 1, D.C. It is designed to be used with most standard office dictating machines. Speaking into it, the stenographer repeats what she hears. Because of the construction of the Stenomask, it is done silently, and does not interfere with the dictator or speaker. Only the voice of the stenographer is picked up and transmitted to the office dictating machine with which it is being used, identifying speakers, punctuating and editing material from which the transcript is typed. Speeds of from 150 to 300 words a minute can be acquired in 24 hours or less, and since the notes are "spoken," anyone can transcribe them. It can be used satisfactorily for routine office dictation, but is particularly effective, because of its "silence" feature, for use in conferences, board meetings, verbatim reporting, note taking, confidential dictation, and any place where several persons may find it necessary to dictate simultaneously. The Stenomask is made of durable construction and weighs less than a pound. Write to the manufacturer for more details and price.

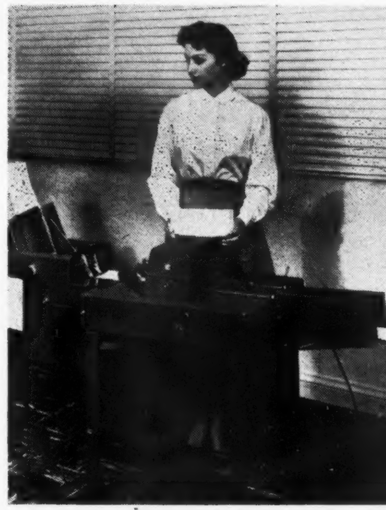
One-Unit Recorder-Reproducer

Now it is possible to make permanent sound recordings, on-the-spot, up to 4 hours, at a very economical cost. MILES REPRODUCER CO., INC., 812 Broadway, New York 3, is marketing a self-powered "WALKIE-RECORDALL" one-unit combination briefcase recorder-reproducer. It weighs only 9 pounds, including built-in batteries, and requires no external wires or plugs. Recordings can be made in the field, indoors or outdoors, stationary or mobile. The microphone, whether the briefcase is opened or closed, will pick up and record audible speech within a radius of 60 feet—including telephone conversations, interviews, conferences, hearings, inventories, market research, and sales training.



A case-history file may be compiled of Sonabands, the medium on which recordings are made, each of which has a 4-hour recording capacity. Recordings are permanent, indexed, filable and mailable. The indexing feature permits selection of any portion of recording without rewinding, and the Sonabands can be played back on the same unit. To eliminate personal supervision, special models can be provided with voice control by which voice activation automatically stops and starts recording. Transcribing facilities are also available, including foot switch, goback, speed control and optional powerpack for operating from current if battery preservation is desired. The manufacturer will be glad to provide price and other information.

When writing to the makers of these products please mention that you read about them in CREDIT AND FINANCIAL MANAGEMENT.

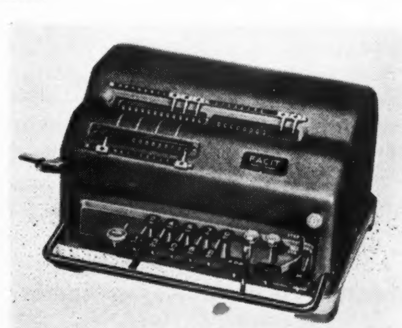


5,200 Checks Signed in Hour

More than 5,200 checks an hour can be handled by the new automatic feed PROTECTOGRAPH check signer, introduced by the TODD COMPANY, 1150 University Avenue, Rochester, N.Y. The addition of an automatic feed has increased the speed of the check signer, and the routine task of signing checks is now automatic, by turning a starting knob. Flexible in design, the feeder holds stacks of checks of any size or shape, with vouchers at top or bottom and with stubs at left or right. Features of the new Todd signer include two etched copper plates for clear, uniform signature impressions and a multi-colored ribbon to insure maximum protection against forgery. Two locks prevent unauthorized use, and there is a non-resettable meter which records every check signed.

Touch Performance Calculator

Touch performance in addition, subtraction, multiplication and division is featured in the new Facit NE semi-automatic calculator announced by FACIT, INC., 500 Fifth Avenue, New York. The 10-key calculator provides just enough electrification to eliminate hand cranking and streamline office figuring. The machine is precision-manufactured of high-grade Swedish steel, is about the size of a desk telephone and may be carried by hand from office to office.



CREDIT MANAGEMENT

Highlighting News Activities—National, Regional, Local

Auxiliary Units All Set for San Francisco

WHILE committees for the 58th Annual Credit Congress are completing final arrangements for speakers and topics for both the general session programs and the day of Industry Group Meetings, auxiliary organizations of the National Association of Credit Men are putting finishing touches to their plans to help insure that May 16-20 and San Francisco will be coupled in memory for years to come as the time and place of a most significant landmark of forward movement in the annals of credit management. (Details of these programs will be published in the May Issue of CREDIT AND FINANCIAL MANAGEMENT.)

Two organizations which will contribute significantly to Convention activities are the Royal Order of Zebras and the Credit Women's Groups.

LARRY R. FOLDA, W. J. Bailey Co., San Diego, as Grand Exalted Superzeb, is guiding the preparations for services of the Royal Order of Zebras at the San Francisco Credit Congress. The Oakland Herd's members are official greeters for the event, are completing plans to serve the convention delegates as aides to the welcome and hospitality committees, and are arranging for the stag party on Wednesday night of convention week. Superzeb Folda will preside at the noon luncheon to be followed by the annual meeting and election of officers.

ENTHUSIASM — Confidence in action.

ROYAL ORDER OF ZEBRAS

ALREADY very much in evidence in preparations on both the national and local levels of activities for the convention are the officers and other leaders of the Royal Order of Zebras, with specialized responsibilities to serve the incoming Convention delegates and their families.

The Zebras have a reserved niche in the history of the profession of credit management. Nationally, the Order dates from the early 1930's, with official recognition as a national organization in 1934 at the Los Angeles convention, where Superzebs A. D. Johnson, representing the then named Los Angeles Wholesalers' Board of Trade, and S. R. Sheller of the Caminol Company led their confreres in service as mobile information sources for delegates.

However, the Zebras had their origin years earlier, in the national convention in Seattle in 1928, and the objectives and functions of the Order extend into far wider areas of service.

The Zebras from the beginning were a special group of leaders outstanding in loyalty to the National Association of Credit Men and evincing it by taking over the responsibility of concentrated attentions to adding new members to the association, and guiding other activ-

(Concluded on opposite page)

CREDIT WOMEN'S GROUP

By DELIA BUSEY
Folger Coffee Company
San Francisco, California
HOST CITY CHAIRMAN

BESIDES all the activities planned for delegates, a series of special events has been organized for the women attending the 58th National Credit Congress in San Francisco May 16th to 20th. Here is the evidence.

On Monday, May 17, a luncheon and the annual business meeting of the Credit Women's Group will be held in the Venetian Room of the Fairmont Hotel. There will be heard the reports of various national committee women on progress made during the past year, as well as plans projected for the future.

Wednesday, May 19, brings the Forum Luncheon in the romantic Room of the Dons at the Hotel Mark Hopkins. Everyone who has attended a credit convention knows how interesting this meeting can be.

As a climax to the events comes

(Concluded on opposite page)

Mrs. Delia Busey

ZEBRAS READY FROM P. 34

ities in the interest of advancement of the profession.

Summing up, the report of the Los Angeles Convention of 1934 explained: "The Zebras are members of the associations in the Western Division who have done outstanding work in their local associations. For example, the men who obtain five or more members during drives are elevated to the Zebra rank. In the case of Los Angeles, the men who enrolled with the late Vane Chase to obtain the convention and later served in the various committees were all in the Zebras."

Thus membership in the Zebras became a reward for signal contributions to association progress.

In October of 1935, CFM reported that 11 associations east of Denver had "full-fledged Zebra Herds" and three more were about to organize. Grand Zebratary Owen S. Dibbern (general credit manager, Pabco Products, Inc., San Francisco) in a bulletin following the First Annual Round-up, held at the Pittsburgh Convention in 1935, defined the Zebra as "a member of your association so thoroughly sold on the organization that he is able and willing to sell it to others" and to participate in all its various activities. Out of Pittsburgh began a comprehensive campaign for nationwide expansion of the Order, regalia was standardized, and agreement was reached to write a new national Zebratution.

"In all cities where Herds are located," wrote Mr. Dibbern, "the association secretary-managers have found them of material assistance in conducting various association affairs. They emulate the good fellowship spirit to a large extent . . . The Los Angeles association, for example, has been within a fraction of a percent of winning the Class 'A' membership trophy the last two years.

"In the larger associations the initial qualification for a Zebra is that he obtain three new members. (Adjustment of this number to the size of the association was recommended.—Ed.) His yearly qualification is to obtain one new member in order that he may retain his membership in good standing. A person's membership cannot be bought. It must be earned."

The National Corral has these 1953-54 officers: L. R. Folda, Grand Exalted Superzeb, W. J. Bailey Co., San Diego; Glenn Russell, Central Ranger and Vice-Grand Exalted Superzeb, Fourth National Bank, Wichita; Robert S. Thomson, Eastern Ranger, Houston-Starr Co., Pittsburgh; William A. Ware, Pacific Ranger, Normandia Bros. Co., Los Angeles; Wes Williams, Western Ranger, Gordon MacBeath Hardware Co., Oakland; G. Earl Brister, Southern Ranger, American Sugar Refining Co., New Orleans; Lester C. Scott, Grand Counselor, E. L. Brace Co., Memphis; and W. F. Alderson, Grand Zebratary, San Diego Wholesale Credit Men's Association.

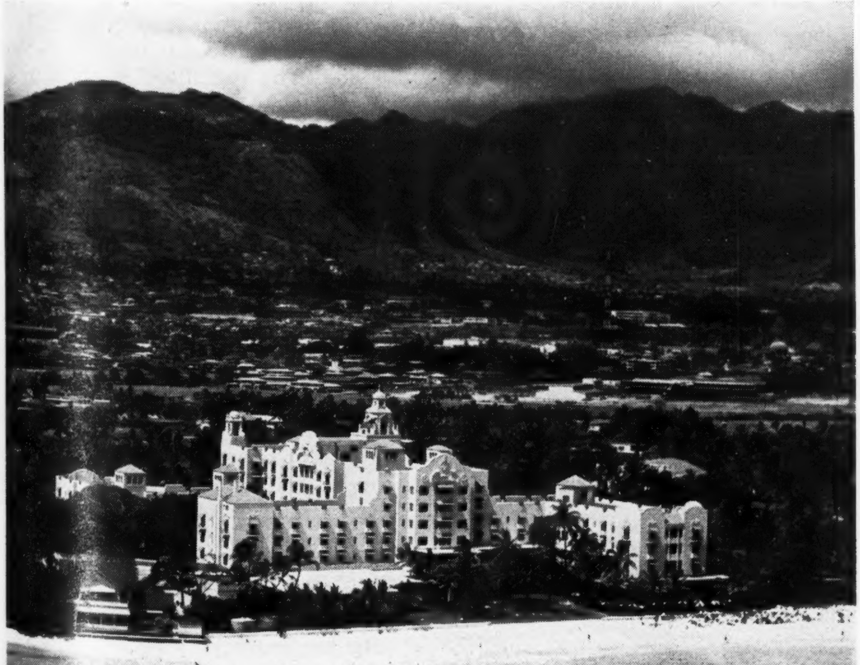
Organizations of a similar character exist or are contemplated in other areas. For example, New York has its "475" Club; Philadelphia its "+1" Club; San Francisco, its Vigilantias.

The board of directors of the National Association of Credit Men, at its meeting in Colorado Springs last November, by formal resolution indorsed these organizations as agencies for stimulating interest in membership development and increasing association activities.

N.A.C.M.'s Hawaiian Tour

May 20 to June 3 are dates going into the Credit Congress calendars of an increasing number of delegates who will be in San Francisco for the annual gathering starting May 16th. The last day of the convention is also the starting day of the tour to Honolulu.

In addition to the funfest, with officers and members of the Islands' chapters of the Hawaiian association as hosts for the pleasure-packed hours of visiting and sightseeing, there will be a meeting of the delegates en tour. Secretaries of local associations in the States have details of the arrangements.



ALOHA—"Welcome to the Islands for the N.A.C.M. post-convention tour." The greeting comes from the Hawaii Association of Credit Men, who direct attention to one of Hawaii's best-known attractions, the Royal Hawaiian Hotel, on Honolulu's Waikiki Beach. Alvin A. Smith is Hawaii secretary. *(United Air Lines Photo)*

CREDIT WOMEN FROM P. 34

the Credit Women's Annual Banquet, scheduled for 6 p.m. Wednesday, May 19, in beautiful Peacock Court, Hotel Mark Hopkins. This gala gathering will be for all credit women and wives of credit men.

Mrs. Muriel Tsvetkoff, general manager of the Better Business Bureau of San Francisco, will address the group that evening. The topic of her talk will be "Look Before You Weep."

Mrs. Tsvetkoff, whose background was the subject of an article in the June 20th issue of *Business Week*, is a witty, talented speaker.

Credit Merit Award Given William Fraser

THE Credit Merit award of the National Association of Credit Men, given to only five persons in the last 25 years, has been presented to William Fraser, director, J. P. Stevens & Company, Inc., New York, for distinguished service in the field of commercial credit. Specifically, the recognition to Mr. Fraser was especially for his outstanding work for the prevention of credit fraud. The presentation was made by Henry H. Heimann, N.A.C.M. executive vice president, at the 59th annual meeting and banquet of the New York Credit & Financial Management Association. Mr. Fraser is a past president of both the N.A.C.M. and the New York association.

In making the presentation, Mr. Heimann reviewed the history of the formation of the Fraud Prevention Department out of action at the Buffalo N.A.C.M. convention in 1924. Mr. Fraser headed the group and sparked the drive to put the commercial credit crook out of business.

Since the establishment of the Fraud Prevention Department, Mr. Heimann said, evidence gathered to present to prosecuting officials has resulted in more than 1,700 convictions of commercial credit crooks. Where millions of dollars had been lost annually because of nefarious credit practices, he added, today credit crimes are under constant control and losses tremendously reduced, as a consequence of the vigilance of the department. John C. Fredell, Jr., is now its director.

THE PRESENTATION: Henry H. Heimann (left) and William Fraser

"The activity of the Fraud Prevention Department," Mr. Fraser said in receiving the award, "has been the best insurance credit executives and business houses have ever had, because the dividends it has paid may be measured by the number of unknown fraudulent bankruptcies which never have happened because of the work of this department.

"If accounts receivable, which are essentially the most liquid portion of capital outside of cash in bank, are saved from possible loss resulting from crooked bankruptcies, the money has been made for business as much as if it were one of the other factors mentioned."

Mr. Heimann also cited Mr. Fraser's outstanding record as a credit executive.

"Mr. Fraser was one of the pioneers in the field of credit counsel to marginal customers," he told the gathering, "and as treasurer and general credit manager of the Stevens company for many years prior to his retirement, he contributed greatly to the establishment of sound credit practices in the entire textile field." Mr. Heimann added:

"Several years ago this award was presented in New York to Senators Walter F. George and Harry F. Byrd."

Fraud Prevention Department Aids in 3 More Convictions

The Fraud Prevention Department of the National Association of Credit Men, of which John C. Fredell, Jr. is director, was active in three recent cases involving credit criminals, in which convictions were obtained. The swindlers' methods may have a "new look" but their endings are always the same. A summary of each case is furnished as a reminder of the tricks used by the unscrupulous to cheat their creditors.

Robert Jackson, trading as Hampshire Textiles, New York, N.Y., obtained $366,000 worth of yard goods from one jobber in six months, representing he could sell the goods at a profit and divide equally with the supplier. Jackson actually sold the goods at a loss, covering up the shortage temporarily by applying funds from previous sales. When the bubble broke, it was found that Jackson had sold the goods worth $366,000 for $278,000 and returned only $195,000 to the jobber. The jobber was by then insolvent and went into bankruptcy, with heavy losses to its creditors. Robert Jackson was indicted, pleaded guilty to grand larceny and was sentenced to 2½ to 10 years.

Samuel J. Frym, Los Angeles, Calif., operated a concern known as

Los Angeles Drapery & Upholstery Fabrics, Inc. This corporation began to encounter difficulty in the middle of 1952. Between then and the date of bankruptcy in January, 1953, Frym withdrew and concealed large sums of the corporation's assets. He fled to Mexico. On his return he was indicted, tried, and found guilty of concealment. He received a suspended sentence and was placed on probation for five years, with the stipulation he make restitution of $11,950 to his creditors.

Harry F. Kramer, Washington, D. C., trading as American Wholesale Co. and under several other styles, all varying only slightly from the names of long-established, well-rated companies, ordered merchandise of every description. Unwary creditors were cheated of close to $500,000 in the last three years. Even while under indictment for mail fraud, Kramer continued his operations almost to the day of trial. He pleaded guilty to five counts of mail fraud and was sentenced to from 20 months to five years in federal prison.

St. Louis Association's New Home Featured in Daily Press

The St. Louis Association of Credit Men drew notable attention in the daily press with its open house for members and friends at its new, streamlined quarters on the ground floor of the Rialto Building at 218 North 4th Street. Pictures of the new home also were published. The 58-year-old association, with nearly 900 members, serves the metropolitan St. Louis, Cape Girardeau, Central Missouri and Quincy associations. It fosters 30 Industry Groups and maintains an educational program in cooperation with University College of Washington University.

Officers of the association are William T. Sutter, district treasury manager, Westinghouse Electric Corporation, president; S. M. Cole, divisional credit manager, Ralston Purina Company, first vice president; Arthur F. Gerecke, credit manager, Pulitzer Publishing Company, second vice president; and J. F. Schofield, secretary-treasurer. Leo W. Rechtien, assistant secretary-treasurer, Heil Packing Company, is president of the adjustment bureau, and Fred J. Lauchli is manager of the estates and collection department of the adjustment bureau.

Sales Resistance: Triumph of mind over patter.

Management Problems in Review

AT THE CREDIT RESEARCH FOUNDATION WORKSHOP in Highland Park, Ill. Left to right: W. A. Gerard, vice president, American Investment Company of Illinois, St. Louis, Mo.; C. L. Whitaker, assistant treasurer, Republic Steel Corp., Cleveland; G. F. Wingard, general credit manager, Monsanto Chemical Co., St. Louis; J. S. Winston, assistant treasurer, Northrup, King & Co., Minneapolis; Kirk Fisher, credit manager, Argus Cameras, Inc., Ann Arbor, Mich.; R. J. Burke, general credit manager, Wilson Sporting Goods Co., Chicago. Behind Mr. Fisher: Dr. Carl D. Smith, managing director of the Foundation.

BEFORE DISCUSSION. (L to R) T. W. Pearse, executive vice president, St. Joseph Bank & Trust Co., South Bend, Ind.; F. H. Schrop, Fraud Prevention Bureau, N.A.C.M.; E. T. Larsen, assistant treasurer, W. D. Allen Manufacturing Co., Chicago; H. L. Judd, Jr., general credit manager, United States Gypsum Co., Chicago; B. F. Reinking, division controller, General Mills, Inc., Minneapolis.

OPENING COMMENT. (L to R) Wm. Kaverman, credit manager, Fibre Drum Div., Continental Can Co., Van Wert, Ohio; J. E. Taylor, assistant credit manager, Surface Combustion Corp., Toledo; J. S. Neff, assistant general credit manager, Gulf Oil Corp., Pittsburgh; E. E. Diehl, district treasury manager, Westinghouse Electric Corp., Chicago, president, Chicago Association of Credit Men.

A DISCUSSION LEADER EXPLAINS. (L to R) Lou Duenweg, director of training services, Detroit Edison Co., Detroit; R. O. Berg, division credit manager, General Mills, Inc., Chicago; C. J. Harley, assistant credit manager, United States Steel Corp., Chicago; H. J. Fichtner, assistant treasurer and credit manager, Detroit Steel Products Co., Detroit.

FINANCIAL EDITORS of Chicago daily newspapers climb aboard the financial Merry-Go-Round of the Chicago Association of Credit Men to predict how business will look at the end of 1954. (l to r) Leland T. Hadley, Goodman Manufacturing Company, second vice president of the association and chairman of the meetings and programs committee, who presided; Herman Gastrell Seely, Chicago Daily News; Robert P. Vanderpoel, Chicago Sun-Times; David Dillman, public relations manager, Inland Steel Company, moderator of the panel; Edward A. Kandlik, Chicago Sun-Times; William N. Clark, Chicago Tribune; and John A. McWethy, Wall Street Journal.

What Pace Economy Now? Chicago Editors Give Clues

THE CLOSE INTERLINKING of economic forces adds up to an extremely sensitive business barometer, affected by every shift in balance, was the conclusion of five financial editors of leading Chicago newspapers who put themselves on record before the Chicago Association of Credit Men membership on business status by year-end. Participating in the annual Financial "Merry-Go-Round," William N. Clark of the Chicago Tribune's financial staff, sees prices, costs and employment sharing in the general downward move before the upturn. "The consumers' price index, which reached a record high of 115 in 1953, should slip back to 113 and a fraction," he forecasts, "and the average wage rate for industrial employees will be moving up from 1953's record of $1.78 to about $1.82 per hour. However, employers will seek to offset this by eliminating overtime and increasing the output per man-hour through more efficient use of plant and equipment."

"What about capital expenditures now?" asks Edward A. Kandlik, Chicago Sun-Times. "Will they slide to a point where they cause a depression?" And answers he doesn't think so, despite signs of a downturn already showing in several classes of heavy equipment, but "if the government wants to avoid a recession, it must take action to keep heavy industry at a high level. If it can't keep existing industry at a fast pace, it must launch new ventures in federally sponsored and financed highway and school building."

The less a narrow-necked bottle and a narrow-minded man have inside them, the more noise they make pouring it out.

—Weekly Progress

John A. McWethy, Wall Street Journal, looks at the inventory picture. "Inventory liquidation is highly significant in appraising business prospects because the effects spread out, like the ripples produced when you drop a pebble in the water. First there is the cutback in production, to reduce swollen inventories. Men are laid off, they buy less. Then price cutting depresses the market further. So long as inventories are being reduced, business will probably find it next to impossible to show gains."

The merchandising outlook for the next six months, in the opinion of Herman Gastrell Seely, Chicago Daily News, "is strictly up to the consumer. It doesn't seem possible that the disappearance of overtime pay, the intermittent layoffs in the automotive and other manufacturing centers, and the general atmosphere of mild uncertainty will leave retailing entirely untouched. My guess is that sales at retail generally will average about 8 per cent below 1953 for the first half of the year. And back of the scenes there'll be a manufacturing dog fight accompanied by price cutting."

To what extent will government spending support the economy? The Sun-Times' Robert P. Vanderpoel sees it this way: "Government spending offset by taxes does not stimulate the economy. When government borrows and then spends, particularly if it borrows from the banks and thus expands the total volume of purchasing power, the economy is stimulated.

"The trend of interest rates is lower. Unless there should be a reversal in the business trend and a sharp resumption of inflation tendencies we may be assured that the Federal Reserve and the Treasury will continue their present easy money policy."

Leland T. Hadley, Goodman Manufacturing Company, second vice president of the Chicago association and chairman of the meetings and programs committee, presided over the panel, which has been an annual event since 1945. David Dillman, public relations manager, Inland Steel Company, formerly managing editor of the Chicago Journal of Commerce, was panel moderator.

Styling to Move

IN LINE with the thought that competitive times call for planned selling, the Elgin National Watch Company this year is investing $350,000 in a product styling program, an outlay 40 per cent higher than last year's. The study takes in all fashion components of watches.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

SAN FRANCISCO, CALIFORNIA
May 13-14-15
N.A.C.M. Secretary-Managers (National) Conference

◆

SAN FRANCISCO, CALIFORNIA
May 16-20
58th Annual Credit Conference and Convention, National Association of Credit Men

◆

STANFORD, CALIFORNIA
July 4-17
Stanford University Session of the N.A.C.M. Graduate School of Credit and Financial Management

◆

HANOVER, NEW HAMPSHIRE
August 1-14
Dartmouth College Session of the N.A.C.M. Graduate School of Credit and Financial Management

◆

ST. PAUL, MINNESOTA
September 17-18
Annual North Central Credit Conference, covering Minnesota, North and South Dakota

◆

SAN DIEGO, CALIFORNIA
September 27-28-29
Annual Pacific Southwest Credit Conference.

◆

CHICAGO, ILLINOIS
October 13
Illinois Fall Regional Conference

◆

SIOUX CITY, IOWA
October 13-14-15
Tri-State Credit Conference, comprising Iowa, Nebraska and South Dakota

TESTIMONIAL—In recognition of his twentieth anniversary with the Cincinnati Association of Credit Men, Harry W. Voss (middle), secretary-manager since 1934, was guest at a testimonial luncheon and was presented with a matched set of luggage by the local board. The presentation was by Irwin Stumborg (left), assistant treasurer and credit manager, Baldwin Piano Co., Cincinnati, vice president, Central Division, National Association of Credit Men, and Milton H. Anderson, regional credit manager, Graybar Electric Co., president of the Cincinnati association. Miss Gertrude Stelzle, of Crane Co., president of the Credit Women's Group, presented a corsage of roses to Mrs. Voss. Mr. Voss began as secretary-manager of the association at Evansville, Ind., his home town, went to Toledo in 1927 and on to Cincinnati Feb. 1, 1934. Besides his 10th year of 100 per cent attendance at Rotary Club, he has done signal civic work on the board of the Hamilton Society for Crippled Children, for four years as chairman of the Easter Seal sale.

PHILADELPHIA, PENNSYLVANIA
October 14-15-16
Tri-State Credit Conference, comprising New Jersey, New York, Eastern Pennsylvania, District of Columbia, Maryland and Virginia

◆

NASHVILLE, TENNESSEE
October 20-21-22-23
Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina and North Carolina, Louisiana.

◆

ST. JOSEPH, MISSOURI
October 20-21-22
Quad-State Annual Credit Conference, comprising Missouri, Kansas, Oklahoma and Southern Illinois

◆

SAN ANTONIO, TEXAS
October 21-22-23
Annual Southwest Credit Conference, covering Texas, Louisiana, Arkansas, Oklahoma, New Mexico and Arizona.

◆

BOSTON, MASSACHUSETTS
October 27-28
Annual New England District Credit Conference, covering Connecticut, Rhode Island, Massachusetts, Maine, New Hampshire, Vermont

◆

COLUMBUS, OHIO
October 29-30
Ohio Valley Regional Credit Conference, covering Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan.

◆

KANSAS CITY, MISSOURI
November 14-15-16
American Petroleum Credit Conference

Tax Reduction Keys Economic Expansion, Says Industrialist

"Tax reduction—corporate tax reduction—is an absolute necessity if we are to avoid an economic recession. And it must be done reasonably soon. Tax reduction is the simplest, most direct and most immediate way to provide new jobs for those who are being eased out of jobs in defense-supported industries." This is the course of action outlined by Hugh L. Clary, president, Clary Multiplier Corporation.

CREDIT AND FINANCIAL REPORTER

Brief Items on Credit Activities and Meetings

OMAHA, NEBR.—The Insurance Advisory Council sponsored the monthly meeting of the Omaha Association of Credit Men, which had as principal speaker Clarence L. E. Swanson, assistant treasurer, C. A. Swanson & Sons, who spoke on "What Do You Expect from Your Insurance Agent?" A panel discussion followed. H. L. Patterson, of H. L. Patterson Company, chairman of the Council, presided.

WORCESTER, MASS.—Prof. Hassan Awad of Cairo, Egypt, exchange professor in geography at Clark University, was guest speaker before the Worcester County Association of Credit Men. His subject was the Suez Canal.

SIOUX CITY, IOWA—Her escape from Czechoslovakia in a home-made tank with four other persons was told to the N.A.C.M. Interstate Division membership, at a dinner meeting, by Mrs. Leonard Cloud, who also answered questions about conditions in her country.

PHILADELPHIA, PA.—Leonard Marks, Jr., assistant professor of finance, Harvard University graduate school of business administration, director of research of the Credit Research Foundation, and a member of the faculty of the N.A.C.M. Graduate School of Credit and Financial Management, was principal speaker of the Credit Men's Association of Eastern Pennsylvania at an educational luncheon meeting. His subject was "Steps Toward Improved Credit Operations." Members of Temple University credit classes also attended.

MINNEAPOLIS, MINN.—Henry H. Heimann, executive vice president, N.A.C.M., was guest speaker at the Minneapolis Association of Credit Men meeting. He spoke on self-help in management vs. government help in the year ahead. "Errors and Omissions in Filing Tax Returns" was the topic of George O. Lethert, acting executive assistant, audit division of the office of the Director of Internal Revenue, at the credit forum.

SAN FRANCISCO, CALIF.—"The New Approach to Human Relations" was the subject of Rollie Jones, director of adult education of the University of San Francisco and consultant to the division of estate planning of the Equitable Life Assurance Society, at the National Institute of Credit meeting.

CHARLOTTE, N.C.—Rupert Gillett, associate editor of *The Observer*, addressed the Piedmont Association of Credit Men. His topic was "Development of the Southeast."

HARTFORD, CONN.—Burton B. Gracey, vice president, Hartford Fire Insurance Co., spoke before the Hartford Association of Credit Men on "Look For the Improbable."

JACKSONVILLE, FLA.—The Wholesale Credit Women's Group had as guest speaker A. H. Dunlop, secretary-manager of the National Association of Credit Men, Jacksonville unit. He outlined the history of the association.

YOUNGSTOWN, OHIO—A credit clinic "The Way I See It in Our Field" was the feature of the Youngstown Association of Credit Men meeting, with "the lineup" as follows: field judges (for banking) Harold A. Lynn, executive vice president, The Second National Bank of Warren, Warren, Ohio; (for retailing) Edwin T. Sonne, controller, Strouss-Hirshberg's, Youngstown; (for wholesaling) William Armstrong, president, Armstrong Grocery Co., Sharon, Pa.; (for manufacturing) Albert E. Freed, credit manager, Cold Metal Products Co., Youngstown. Theodore A. Johnson, assistant credit manager, The Youngstown Sheet & Tube Co., was "referee." Attending members were designated "players" and were divided into two teams, the "optimists" and the "pessimists."

BOSTON, MASS.—Gerald S. Colby, general partner, du Pont, Homsey & Co., investment advisers, discussed the business and stock market outlook before the Boston Chapter, National Institute of Credit.

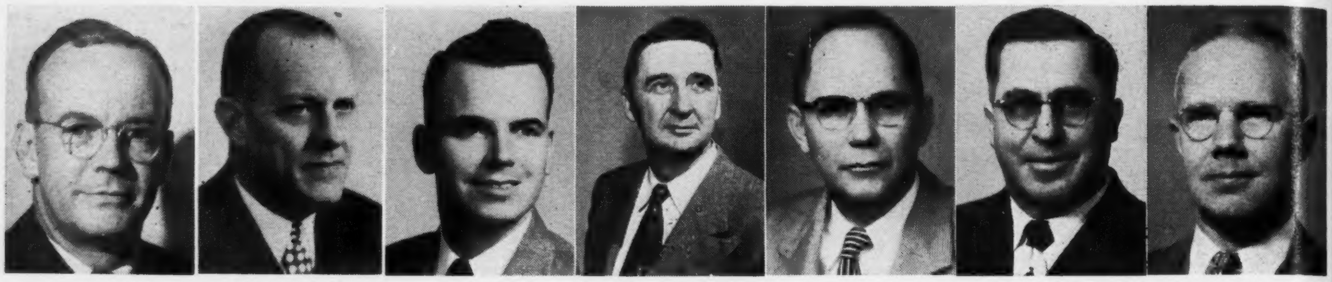
BRIDGEPORT, CONN.—"Credit Techniques and Procedures" was the subject of a panel discussion led by Leonard K. Morse, credit manager, Bridgeport Brass Co., before the Bridgeport Association of Credit Men . . . Theodore I. Wilkinson, assistant vice president, First National Bank & Trust Co., and president of the Credit Men's association, discussed credit in general at the meeting of the Bridgeport Credit Women's Group.

LOS ANGELES, CALIF.—"An American Businessman Looks at Europe" was the topic of Bryant Essick, president, Essick Manufacturing Co., before the Los Angeles Chapter, National Institute of Credit. Mr. Essick recently returned from Europe.

MILWAUKEE, WIS.—Dr. William Clyde Donald, psychologist, minister, hospital chaplain, and lecturer on mental health, spoke before the Milwaukee Association of Credit Men on "How to Reduce Annoyance." C. A. Hornseth and C. S. Roffa, of the American Credit Indemnity Co., discussed "Credit Insurance" at the Institute of Credit Meeting.

SILVER ANNIVERSARY of Seattle Credit Women's Group brought together officers and trustees of the Seattle Association of Credit Men and their wives, members and these past presidents of the women's organization (l to r): Grace Russell, manager interchange department, Seattle Association of Credit Men; Elma Hanson, credit manager, Blake, Moffitt & Towne, and chairman, National Credit Women's Executive Committee; Gladys Warren, credit manager, Pioneer Sand & Gravel Co.; Aili Steinmetz, office and credit manager, Athletic Supply Co.; Edna Wylde, assistant secretary, Novelty Flour Mills Co.; Helen Young, office secretary, Union Federal Savings & Loan Assn.; Irene Hodkinson, credit manager, Northwest Paper Sales Corp.; Verna Smith, credit manager, Hi-Grade Dairy; Eleanor Collins, insurance broker; Lucy Ridgeway, office manager, Dunn Lumber Co.; Betty Hirsch, bookkeeper, Seattle Bowling Recreation.

MANAGEMENT IN THE NEWS



P. J. VIALL | A. F. METZ | T. J. THORPE | K. S. BATES | W. E. RAINES | E. F. PHILLIPS | D. B. GRISWOLD

Viall Elected to Board of Chattanooga Medicine Co.

PAUL J. VIALL, treasurer of the Chattanooga Medicine Company, Chattanooga, Tenn., has been elected to the board of directors of the company. Mr. Viall, past vice president, Central Division, of the National Association of Credit Men, served as president of the Cherokee Unit, National Association of Credit Management, Inc., in 1948-49.

He is active in organizational work and has served with various committees and as councillor of the Cherokee Unit.

First Boss Was N.A.C.M.'s Past President C. A. Wells

In 1927 W. E. Raines joined the John S. Brittian Dry Goods Company of St. Joseph, Mo., as a bookkeeper, under the supervision of Charles A. Wells, past president of the National Association of Credit Men. Serving his apprenticeship in credit, he moved up, and in 1939 became associated with the Ross-Frazer Supply Company, where he is treasurer and credit manager. Mr. Raines has been active in civic and charitable work in St. Joseph. As a testimonial to his services in the credit field he recently was elected to the presidency of the St. Joseph Association of Credit Men.

Direct from School to Firm 38 Years Ago; Now Manager

When you're with a good company and you like your work, why make a change? That could be the philosophy of E. F. Phillips, manager of the Crane Company at Spokane, Wash. Thirty-eight years ago, just out of school, he applied to the Crane Company in Sacramento for a job, and was put to work in the warehouse. In 1948 he was transferred to the Spokane office as manager, the position he now holds. Mr. Phillips has been a member of the board of directors of the Spokane Lions Club for the last five years, and is on the board of trustees of Associated Industries. He has been very active in the credit field, and in recognition was elected recently to the presidency of the Spokane Merchants Association.

Twin Moves Bring Advanced Management Responsibilities

THOMAS J. THORPE has been promoted to credit manager, Universal Atlas Cement Company, Kansas City, Mo. He previously was assistant to Kenneth S. Bates, who has become assistant treasurer in the Chicago office. Following graduation from Rockhurst College in business administration, Mr. Thorpe served two years in the armed forces. He joined Universal Atlas in 1951 as credit clerk in the Kansas City office and in 1952 was made treasury representative.

Mr. Bates continues general supervision of the Kansas City treasury office in addition to his duties in Chicago. He began with a predecessor company of Universal Atlas in 1924 as assistant credit manager, assigned to St. Louis, becoming credit manager in 1929. He was transferred to the Kansas City office, where in 1939 he was appointed assistant treasurer.

Began as Company Accountant, Now He's Chairman of Board

ALBERT F. METZ, chairman of the board and chief executive officer of The Okonite Company, Passaic, N.J., began with the company in 1919 as an accountant. He advanced to controller in 1924, director and treasurer 1928, vice president 1945, and president of the company in 1949.

Mr. Metz is a member of the board of governors of the National Electrical Manufacturers Association, chairman of its wire and cable section and recently was reelected its treasurer. He has served as an advisor to the federal government on the copper industry. He is a director of the Erie Railroad, Passaic-Clifton National Bank and Trust Company, and Royce Chemical Company. In addition to being president of the American Taxpayers Association and chairman of the City of Passaic Redevelopment Agency, he is a trustee and member of the board of various school, hospital and youth service organizations.

Prior to entering the employ of Okonite, Mr. Metz was assistant to the controller of Famous Players-Lasky Company, and in World War I he served as disbursing officer for the U.S. Shipping Board. He is a native of Boston and attended New York University.

Continued Studies as a Clerk; Now Company Vice President

DIXON B. GRISWOLD has been promoted to vice president, McCann-Erickson, Inc., New York, N.Y., and continues his duties as controller and assistant treasurer. He became associated with the company in 1944. A native of New York City, Mr. Griswold was graduated from Columbia College in 1924 with an A.B. degree. He went to work as a clerk with New York Edison, meanwhile continuing studies in accountancy at Columbia University. In 1925 he joined Haskins & Sells as a junior accountant, and was manager when he resigned in 1942 to become Columbia's auditor. He qualified as a certified public accountant in 1933.

Currently treasurer, and previously vice president, of the New York Credit & Financial Management Association, Mr. Griswold has served as chairman of the association's public relations committee and was charter president of the Advertising Agency Financial Management Group.